



LESEDI

Local Municipality / Plaaslike Munisipaliteit

Medium Term Revenue & Expenditure Framework 2016 / 2017 – 2018 / 2019

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Abbreviations and Acronyms

BSC	Budget Steering Committee	MFMA	Municipal Financial Management Act Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
CPI	Consumer Price Index	MMC	Member of Mayoral Committee
CRRF	Capital Replacement Reserve Fund	MPRA	Municipal Properties Rates Act
DBSA	Development Bank of South Africa	MSA	Municipal Systems Act
DoRA	Division of Revenue Act	MTEF	Medium-term Expenditure Framework
EE	Employment Equity	MTREF	Medium-term Revenue and Expenditure Framework
EEDSM	Energy Efficiency Demand Side Management	NERSA	National Electricity Regulator South Africa
EM	Executive Mayor	NGO	Non-Governmental organisations
FBS	Free basic services	NKPIs	National Key Performance Indicators
GAMAP	Generally Accepted Municipal Accounting Practice	OHS	Occupational Health and Safety
GDP	Gross domestic product	OP	Operational Plan
GDS	Gauteng Growth and Development Strategy	PBO	Public Benefit Organisations
GFS	Government Financial Statistics	PHC	Provincial Health Care
GRAP	General Recognised Accounting Practice	PMS	Performance Management System
HR	Human Resources	PPE	Property Plant and Equipment
HSRC	Human Science Research Council	PPP	Public Private Partnership
IDP	Integrated Development Strategy	PTIS	Public Transport Infrastructure System
IT	Information Technology	RG	Restructuring Grant
kℓ	kilolitre	RSC	Regional Services Council
km	kilometre	SALGA	South African Local Government Association
KPA	Key Performance Area	SAPS	South African Police Service
KPI	Key Performance Indicator	SDBIP	Service Delivery Budget Implementation Plan
kWh	kilowatt	SMME	Small Micro and Medium Enterprises
ℓ	litre		
LED	Local Economic Development		
MEC	Member of the Executive Committee		

Part 1 – Annual Budget

1.1 Mayor's Report

Mayor's will delivery her speech and will be included in the final budget document

1.2 Council Resolutions

1. The Council of Lesedi Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The annual budget of the municipality for the financial year 2016/17 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table A2;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table A3;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table A4; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table A5.
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table A6;
 - 1.2.2. Budgeted Cash Flows as contained in Table A7;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table A8;
 - 1.2.4. Asset management as contained in Table A9; and
 - 1.2.5. Basic service delivery measurement as contained in Table A10.
2. The Council of Lesedi Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2016.
 - 2.1. the tariffs for property rates
 - 2.2. the tariffs for electricity
 - 2.3. the tariffs for the supply of water
 - 2.4. the tariffs for sanitation services
 - 2.5. the tariffs for solid waste services
3. The Council of Lesedi Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2016 the tariffs for other services.

To give proper effect to the municipality's annual budget, the Council of Lesedi Local Municipality approves that cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.

1.3 Executive Summary

Planning Framework

The Constitution require local government to relate its management, budgeting and planning functions to its service delivery objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, However must also conduct its affairs in a manner which is consistent with its IDP. This includes the compilation of the Medium Term Revenue and Expenditure Framework (MTREF).

The Municipality's IDP is with principal strategic planning instrument, which directly guides and inform its planning, budget, management and development actions. This framework is rolled out into Key Performance Areas, strategic Objectives, key Focus Areas, key Performance Indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan.

With the compilation of the 2016/17 MTREF, each department had to review the priorities and targets contained in the IDP (taking the 2015/16 performance against the Budget and Departmental Service and Budget Implementation Plan into consideration) and request resources via the budget process accordingly. The setting of targets and resource allocation will be done as a singly process in the 2016/17 – 2017/2018 MTREF period.

Lesedi Local Municipality IDP Key Performance Areas

The Key Performance Areas contained in the Lesedi's IDP are as follows;

- Municipal Transformation & Organisational Development
- Basic Service Delivery
- Local Economic Development
- Municipal Financial Viability & management
- Good governance & Public Participation
- Cross Cutting Issues

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the City remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Lesedi's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items. Key areas where savings were realized were on telephone and internet usage, printing, workshops, overseas and national travel, accommodation, and catering.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 51 and 54 were used to guide the compilation of the 2016/17 MTREF.

The main challenges experienced during the compilation of the 2016/17 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk water and electricity (due to tariff increases from Rand Water and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects

The following budget principles and guidelines directly informed the compilation of the 2016/17 MTREF:

- The 2015/16 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2016/17 annual budget;
- Service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- The following items and allocations to these items had to be supported by a list and/or motivation setting out the intention and cost of the expenditure which was used to prioritise expenditures:
 - Contracted services
 - Furniture and office equipment;
 - New staff members
 - Ad-hoc travelling; and

In view of the aforementioned, the following table is a consolidated overview of the proposed 2016/17 Medium-term Revenue and Expenditure Framework:

Table A4 Consolidated Overview of the 2016/17 MTREF

R thousand	Adjustment Budget 2015/16	Budget year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Total Operating Revenue	621 312	726 416	791 062	859 652
Total Operating Expenditure	619 191	709 231	778 870	839 053
(Surplus)/Deficit for the year	2 121	17 185	12 193	20 599
Total Capital Expenditure	45 087	57 011	57 477	70 638

Total operating revenue has grown by 16.9% or R106.1 million for the 2016/17 financial year when compared to the 2015/16 Adjustments Budget. For the two outer years, operational revenue will increase by 8.9 and 8.7% respectively, equating to a total revenue growth of R238.3 million over the MTREF when compared to the 2015/16 financial year.

Total operating expenditure for the 2016/17 financial year has been appropriated at R709.2 million and translates into a budgeted surplus of R17.2 million. When compared to the 2015/16 Adjustments Budget, operational expenditure has grown by 14.5% in the 2016/17 budget and by 9.8 and 7.2% for each of the respective outer years of the MTREF. The operating surplus for the two outer years increases to R12.2 million and R20.6 million respectively. These surpluses will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R57 million for 2016/17 is 26% more when compared to the 2015/16 Adjustment Budget. The increase is due to various projects that were not finalised in the previous financial year. The capital programme increases to R57.5 million in the 2017/18 financial year and then evens out in 2018/19 to R70.1 million. A substantial portion of the capital budget of R34.6 million will be grant funded. The balance will be funded from internally generated funds.

1.4 Operating Revenue Framework

For Lesedi Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the City and continued economic development;
- Efficient revenue management, which aims to ensure a 79.5% annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;

- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2016/17 MTREF (classified by main revenue source):

Table 1 Summary of revenue classified by main revenue source

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1										
Revenue By Source											
Property rates	2	58 417	62 278	84 459	85 592	90 891	90 891	–	98 270	105 671	113 744
Property rates - penalties & collection charges		–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	2	196 590	205 644	216 219	244 750	256 124	256 124	–	288 970	311 043	334 797
Service charges - water revenue	2	59 001	64 378	70 209	95 127	98 914	98 914	–	110 353	124 589	140 661
Service charges - sanitation revenue	2	16 487	18 628	20 711	21 870	23 116	23 116	–	25 317	28 582	32 269
Service charges - refuse revenue	2	22 117	23 070	25 598	27 660	28 384	28 384	–	30 193	32 307	34 568
Service charges - other		2 773	4 312	1 150	–	1 150	1 150	–	1 217	1 291	1 368
Rental of facilities and equipment		3 015	3 267	3 512	3 605	3 936	3 936	–	4 331	4 591	4 867
Interest earned - external investments		1 064	1 472	1 039	–	1 200	1 200	–	1 000	1 060	1 124
Interest earned - outstanding debtors		4 657	7 474	10 482	9 390	13 386	13 386	–	13 700	14 522	15 393
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines		168	4 663	30 212	5 163	5 664	5 664	–	46 516	48 144	49 829
Licences and permits		44	58	41	41	32	32	–	62	66	70
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers recognised - operational		73 193	79 435	84 719	101 503	94 786	94 786	–	103 606	115 615	127 165
Other revenue	2	976	1 609	20 013	3 338	3 728	3 728	–	2 880	3 583	3 798
Gains on disposal of PPE		–	–	558	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		438 500	476 286	568 923	598 038	621 312	621 312	–	726 416	791 062	859 652

Table 2 Percentage growth in revenue by main revenue source

Description	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2016/17	%	Budget Year +1 2017/18	%	Budget Year +2 2018/19	%
R thousand								
Revenue By Source								
Property rates	90 891	8%	98 270	8%	105 671	8%	113 744	8%
Property rates - penalties & collection charges	–	0%	–	0%	–	0%	–	0%
Service charges - electricity revenue	256 124	18%	288 970	13%	311 043	8%	334 797	8%
Service charges - water revenue	98 914	41%	110 353	12%	124 589	13%	140 661	13%
Service charges - sanitation revenue	23 116	12%	25 317	10%	28 582	13%	32 269	13%
Service charges - refuse revenue	28 384	11%	30 193	6%	32 307	7%	34 568	7%
Service charges - other	1 150	0%	1 217	6%	1 291	6%	1 368	6%
Rental of facilities and equipment	3 936	12%	4 331	10%	4 591	6%	4 867	6%
Interest earned - external investments	1 200	16%	1 000	-17%	1 060	6%	1 124	6%
Interest earned - outstanding debtors	13 386	28%	13 700	2%	14 522	6%	15 393	6%
Dividends received	–	0%	–	0%	–	0%	–	0%
Fines	5 664	-81%	46 516	721%	48 144	4%	49 829	4%
Licences and permits	32	-23%	62	95%	66	6%	70	6%
Agency services	–	0%	–	0%	–	0%	–	0%
Transfers recognised - operational	94 786	12%	103 606	9%	115 615	12%	127 165	10%
Other revenue	3 728	-81%	2 880	-23%	3 583	24%	3 798	6%
Gains on disposal of PPE	–	0%	–	0%	–	0%	–	0%
Total Revenue (excluding capital transfers and contributions)	621 312	9%	728 065	17%	790 763	9%	860 064	9%
Total Revenue from Rates and Services	498 580	19%	554 321	11%	603 482	9%	657 407	9%

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise 75% of the total revenue mix and follow the same trend in the outer years. Other revenue consists of various items such as income received, Building plan fees. Connection fees, rental of municipality properties and fines. The tariffs of these items are reviewed on an annual basis to ensure they are within the cost reflectiveness and market related. In the 2015/16 financial year, revenue from rates and services charges totalled R492.6 million or 19%. This increases to R554.3 million, R603.4 million and R657.4 million in the respective financial years of the MTREF.

Operating grants and transfers total to R103.6 million in the 2016/17 financial year and an increases to R127.2 million by 2018/19 financial year. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 3 Operating Transfers and Grant Receipts

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		67 926	67 443	75 298	88 378	86 521	86 521	96 199	107 452	119 451
Local Government Equitable Share		64 676	64 253	71 665	82 794	82 794	82 794	92 186	104 537	116 468
Finance Management		1 250	1 300	1 430	1 450	1 450	1 450	1 475	1 550	1 550
Municipal Systems Improvement		1 000	890	934	930	930	930	1 300	1 365	1 433
EPWP Incentive		1 000	1 000	1 269	1 347	1 347	1 347	1 238	–	–
Municipal demarcation transition grant		–	–	–	1 857	–	–	–	–	–
–		–	–	–	–	–	–	–	–	–
Other transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
Provincial Government:		5 547	7 834	9 990	3 168	2 274	2 274	2 000	2 350	1 600
Health subsidy		1 591	2 287	2 056	–	–	–	–	–	–
Sport and Recreation		2 310	2 447	5 004	500	500	500	500	800	500
Agriculture		1 646	1 300	1 430	1 168	–	–	–	–	–
GRAP 17 Compliance Grant		–	–	1 000	1 000	1 000	1 000	1 000	1 050	1 100
EPWP Cogta		–	–	500	500	500	500	500	500	–
Promulgation of Municipal spatial Planning		–	–	–	–	274	274	–	–	–
Other transfers/grants		–	1 800	–	–	–	–	–	–	–
District Municipality:		3 277	3 106	3 490	4 987	5 491	5 491	5 107	5 863	6 214
Health subsidy		3 277	3 106	3 490	4 987	5 030	5 030	5 107	5 863	6 214
Bontle ke Botho		–	–	–	–	461	461	–	–	–
Other grant providers:		–	–	–	–	–	–	1 000	1 000	1 000
Sita		–	–	–	–	–	–	1 000	1 000	1 000
Total Operating Transfers and Grants	5	76 751	78 384	88 778	96 533	94 286	94 286	104 306	116 665	128 265
Capital Transfers and Grants										
National Government:		28 070	32 799	43 037	34 629	34 515	34 515	31 204	36 957	43 318
Municipal Infrastructure Grant (MIG)		28 070	26 649	36 037	25 629	29 115	29 115	25 204	26 957	28 318
Integrated National Electrification Programme		–	6 150	7 000	9 000	5 400	5 400	6 000	10 000	15 000
–		–	–	–	–	–	–	–	–	–
–		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert desc]		–	–	–	–	–	–	–	–	–
Provincial Government:		460	1 194	15 210	5 970	230	6 688	8 170	8 170	8 170
Environmental Quality Management		–	–	490	–	–	488	–	–	–
Human Settlement Grant		–	–	13 700	–	–	–	–	–	–
Recapitalization of Community Libraries Grant		460	1 194	1 020	5 970	230	6 200	8 170	8 170	8 170
District Municipality:		–	–	–	–	809	809	–	–	–
Sportfield- Kwa-zenzele		–	–	–	–	809	809	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
Sita		–	–	–	–	–	–	–	–	–
Total Capital Transfers and Grants	5	28 530	33 993	58 247	40 599	35 554	42 012	39 374	45 127	51 488
TOTAL RECEIPTS OF TRANSFERS & GRANTS		105 281	112 377	147 025	137 132	129 840	136 298	143 680	161 792	179 753

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6% upper boundary of the South African Reserve Bank's inflation target. Tariffs could not be contained the targeted inflation limits due to increase cost of the provision of services. Fuel increase are far in excess of inflationary limits. Additional staff

members are required to ensure continued service delivery as well as compliance with laws and regulations.

The increases on all services are proposed at 7% increases of Eskom and Rand Water increase drive the electricity and water tariff increase. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the Municipality. Eskom increased the cost of electricity by 7.64% and Rand water increased the cost of water by 12.9%. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability. Assessment rates, sanitation and refuse removal is proposed to increase by 7.64%, 12.9% and 7% respectively.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0, 25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R25 000 reduction on the market value of a property will be granted in terms of the City's own Property Rates Policy;
- 20% rebate will be granted on all residential properties (including state owned residential properties);
- 100% rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners a rebate 100% will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year.

- A 100% rebate will be granted to pensioners whose aggregate household income does not exceed an amount of R3 710 per month. In this regard the following stipulations are relevant:
 - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
 - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
 - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
 - The property must be categorized as residential.
- The Municipality may award a 85% grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2016/17 financial year based on a 7.64% increase from 1 July 2016 is contained below:

Table 4 Comparison of proposed rates to levied for the 2016/17 financial year

Category	Current Tariff (2015/16)	Proposed tariff (2016/17)
	c	C
Residential properties	0,0101287	0,0109025
State owned properties	0,0202574	0,0218050
Business & Commercial	0,0202574	0,0202574
Agricultural	0,0025322	0,0027256
Vacant land	0,0202574	0,018050
Industrial	0,0303861	0,0327076
Public benefit organisation properties	0,0202574	0,0218050

1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective.

Better maintenance of infrastructure, new dam construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability. Rand Water has increased its bulk tariffs with 12.90% from 1 July 2016. A tariff increase of 12.9% for Lesedi Local Municipality customers from 1 July 2016 for water is proposed. Furthermore 6 kℓ water per 30-day period will again approved indigents.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 5 Proposed Water Tariffs

CATEGORY	CURRENT TARIFFS 2010/11	PROPOSED TARIFFS 2011/12
	Rand per kℓ	Rand per kℓ
RESIDENTIAL		
(i) 0 to 10 kℓ per 30-day period	11,78	13,30
(ii) 10.1 to 30 kℓ per 30-day period	15,31	17,28
(iii) 30.1 to 50 kℓ per 30-day period	19,11	21,58
(iv) 50.1 to 70 kℓ per 30-day period	28,76	32,47
(v) More than 70.1 kℓ per 30-day period	31,13	35,15
NON-RESIDENTIAL		
(i) 0 – 25 000 kℓ per 30-day period	17,71	19,99
(ii) More than 25 000 kℓ per 30-day period	9,9	11,18

Table 7 Comparison between current water charges and increases (Domestic)

Monthly consumption kℓ	Current amount payable R	Proposed amount payable R	Difference (Increase) R	Percentage change
20	270,9	305,79	34,89	12.9%
30	382.2	431.6	49,38	12.9%
40	622.6	703.0	80.4	12.9%
50	1556,5	1758	201,5	12.9%
80	2490,4	2812	321,6	12.9%
100	3113	3515	402	12.9%

1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 9.4% increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2016.

Considering the Eskom increases, the consumer tariff had to be increased by 7.64% to offset the additional bulk purchase cost from 1 July 2016 (as per NERSA requirements). Registered indigents will again be granted 50 kWh per 30 day period free of charges

The following table shows the impact of the proposed increases in electricity tariffs on the water charges for domestic customers:

Table 6 Comparison between current electricity charges and increases (Domestic)

Monthly consumption kWh	Current amount payable R	Proposed amount payable R	Difference (Increase) R	Percentage change
100	94	102	8	7.64%
250	260	285	25	7.64%
500	767.5	842.5	75	7.64%
750	1245	1365	120	7.64%
1 000	1660	1820	160	7.64%
2 000	3320	3640	320	7.64%

1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of 12.9% for sanitation from 1 July 2016 is proposed. This is based on the input cost assumptions related to water. It should be noted that electricity costs contributes approximately 20 % of waste water treatment input costs, therefore the higher than CPI increase of 12.9% for sanitation tariffs.

The following table compares the current and proposed tariffs:

Table 7 Comparison between current sanitation charges and increases

Description	Provide description of tariff structure	2012/13	2013/14	2014/15	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework		
						Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Waste water tariffs								
Domestic								
Basic charge/fix ed fee (Rands/month)		26	29	32	37	41	47	53
Service point - vacant land		25	29	32	37	41	47	53
Waste water - flat rate tariff (c/kl)		-	-	-	-	-	-	-
Volumetric charge - Block 1 (c/kl)	(fill in	-	-	-	-	-	-	-
Volumetric charge - Block 2 (c/kl)	(fill in	-	-	-	-	-	-	-
Volumetric charge - Block 3 (c/kl)	(fill in	-	-	-	-	-	-	-
Volumetric charge - Block 4 (c/kl)	(fill in	-	-	-	-	-	-	-
Other								

1.4.5 Waste Removal and Impact of Tariff Increases

The main contributors to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models. The outcomes of this investigation will be incorporated into the next planning cycle.

A 7% increase in the waste removal tariff is proposed from 1 July 2016. Higher increases will not be viable in 2016/17 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 7% would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2016:

Table 8 Comparison between current waste removal fees and increases

Description	Provide description of tariff structure	2012/13	2013/14	2014/15	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework		
						Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Waste management tariffs</u>								
<i>Domestic</i>								
Street cleaning charge		-	-	-	-	-	-	-
Basic charge/fixed fee		84	90	96	102	107	112	118
80l bin - once a week								
250l bin - once a week								

1.4.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Table 9 MBRR Table SA14 – Household bills

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17 % incr.	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		439.46	465.83	465.83	592.53	592.53	592.53	7.0%	634.01	678.39	725.87
Electricity: Basic levy		135.12	148.63	159.61	179.07	179.07	179.07	7.6%	192.75	207.48	223.33
Electricity: Consumption		1 102.35	1 142.41	1 199.50	1 335.65	1 335.65	1 335.65	7.6%	1 437.69	1 547.53	1 665.77
Water: Basic levy		14.95	16.74	18.42	20.91	20.91	20.91	12.9%	23.61	26.65	30.09
Water: Consumption		300.50	336.50	370.30	420.20	420.20	420.20	12.9%	474.41	535.60	604.70
Sanitation		110.36	125.81	138.40	146.69	146.69	146.69	12.9%	165.61	186.98	211.10
Refuse removal		84.29	90.19	96.48	102.27	102.27	102.27	7.0%	109.43	117.09	125.29
Other											
sub-total		2 187.03	2 326.11	2 448.54	2 797.32	2 797.32	2 797.32	8.6%	3 037.51	3 299.72	3 586.14
VAT on Services		244.66	260.44	277.58	308.67	308.67	308.67	9.0%	336.49	366.99	400.44
Total large household bill:		2 431.69	2 586.55	2 726.12	3 105.99	3 105.99	3 105.99	8.6%	3 374.00	3 666.71	3 986.58
% increase/-decrease			6.4%	5.4%	13.9%	-	-		8.6%	8.7%	8.7%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		289.22	306.57	306.57	389.95	389.95	389.95	7.0%	417.25	446.45	477.71
Electricity: Basic levy		135.12	148.63	159.61	179.07	179.07	179.07	7.6%	192.75	207.48	223.33
Electricity: Consumption		457.00	502.70	505.50	530.65	530.65	530.65	7.6%	571.19	614.83	661.80
Water: Basic levy		14.95	16.74	18.42	20.91	20.91	20.91	12.9%	23.61	26.65	30.09
Water: Consumption		246.25	275.80	303.45	344.35	344.35	344.35	12.9%	388.77	438.92	495.54
Sanitation		51.20	58.37	64.21	68.05	68.05	68.05	12.9%	76.83	86.74	97.93
Refuse removal		84.29	90.19	96.48	102.27	102.27	102.27	7.0%	109.43	117.09	125.29
Other											
sub-total		1 278.03	1 399.01	1 454.24	1 635.25	1 635.25	1 635.25	8.8%	1 779.83	1 938.17	2 111.69
VAT on Services		146.72	148.83	160.67	174.34	174.34	174.34	9.4%	190.76	208.84	228.76
Total small household bill:		1 424.75	1 547.84	1 614.91	1 809.59	1 809.59	1 809.59	8.9%	1 970.59	2 147.01	2 340.45
% increase/-decrease			8.6%	4.3%	12.1%	-	-		8.9%	9.0%	9.0%
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates		138.97	147.31	147.31	187.38	187.38	187.38	7.0%	200.50	214.53	229.55
Electricity: Basic levy		135.12	148.63	159.61	179.07	179.07	179.07	7.6%	192.75	207.48	223.33
Electricity: Consumption		246.00	262.38	279.00	315.00	315.00	315.00	7.6%	339.07	364.97	392.85
Water: Basic levy		14.95	16.74	18.42	20.91	20.91	20.91	12.9%	23.61	26.65	30.09
Water: Consumption		141.86	158.90	174.86	198.42	198.42	198.42	12.9%	224.02	252.91	285.54
Sanitation		51.20	58.37	64.21	68.05	68.05	68.05	12.9%	76.83	86.74	97.93
Refuse removal		84.29	90.19	96.48	102.27	102.27	102.27	7.0%	109.43	117.09	125.29
Other											
sub-total		812.39	882.52	939.89	1 071.10	1 071.10	1 071.10	8.9%	1 166.20	1 270.38	1 384.58
VAT on Services		94.28	102.93	110.96	123.72	123.72	123.72	9.3%	135.20	147.82	161.70
Total small household bill:		906.67	985.45	1 050.85	1 194.82	1 194.82	1 194.82	8.9%	1 301.40	1 418.20	1 546.29
% increase/-decrease			8.7%	6.6%	13.7%	-	-		8.9%	9.0%	9.0%

1.5 Operating Expenditure Framework

The City's expenditure framework for the 2016/17 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and

- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2016/17 budget and MTREF (classified per main type of operating expenditure):

Table 10 Summary of operating expenditure by standard classification item

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Expenditure By Type										
Employee related costs	92 694	100 178	128 403	137 425	137 803	137 803	–	154 837	177 689	188 333
Remuneration of councillors	7 345	7 840	8 433	8 660	9 220	9 220	–	9 819	10 458	11 012
Debt impairment	81 963	58 741	75 844	61 345	62 693	62 693	–	110 039	118 291	128 809
Depreciation & asset impairment	35 963	36 912	41 688	38 026	41 701	41 701	–	41 808	42 726	42 915
Finance charges	6 983	6 973	11 478	5 851	10 646	10 646	–	10 368	10 990	11 649
Bulk purchases	189 132	200 319	217 375	229 909	241 362	241 362	–	262 961	286 315	311 522
Other materials	20 992	15 422	24 475	22 171	23 118	23 118	–	26 516	33 545	40 037
Contracted services	682	497	526	719	510	510	–	636	674	715
Transfers and grants	–	–	–	–	–	–	–	–	–	–
Other expenditure	51 917	68 485	85 916	76 921	92 139	92 139	–	92 247	98 182	104 060
Loss on disposal of PPE	300	10 645	4 145	–	–	–	–	–	–	–
Total Expenditure	487 971	506 011	598 283	581 027	619 191	619 191	–	709 231	778 870	839 053

The budgeted allocation for employee related costs for the 2016/17 financial year totals R154.8 million, which equals 21.8% of the total operating expenditure. Salary increases have been factored into this budget a percentage increase of 7% as per the guidance of National Treasury MFMA Circular 78. In addition, notch increases of 2% as well as critical new positions have been provided. An annual increase of 7% (Inflationary increase and notches included) has been included in the two outer years of the MTREF. As part of the Municipality's cost reprioritization and cash management strategy non critical vacancies have been frozen for the MTREF period.

The provision of debt impairment was determined based on an annual collection rate of 79.5%. Furthermore, the impairment of traffic fines recognised as revenue in accordance with GRAP 1 have been provided for. For the 2016/17 financial year this amount equates to R110.0 million and escalates to R128.8 million by 2018/19 (This increase is caused by the implementation of iGRAP which requires all fines issues to be recognised and not only fines received). While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R41.8 million for the 2016/17 financial and equates to 5.9% of the total operating expenditure

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 1.6% (R10.4 million) of operating expenditure.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Rand Water. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other materials comprises of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals.

Contracted services has been identified as a cost saving area for the municipality. As part of the compilation of the 2016/17 MTREF this expenditure category was critically evaluated and operational efficiencies were enforced. In the 2016/17 financial year, this group of expenditure totals R636 thousand. For the two outer years growth has been limited to 6%.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This expenditure category has also been identified as an area in which cost savings and efficiencies can be achieved.

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2016/17 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 14 Operational repairs and maintenance

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Expenditure By Type										
Employee related costs	92 694	100 178	128 403	137 425	137 803	137 803	–	154 837	177 689	188 333
Remuneration of councillors	7 345	7 840	8 433	8 660	9 220	9 220	–	9 819	10 458	11 012
Debt impairment	81 963	58 741	75 844	61 345	62 693	62 693	–	110 039	118 291	128 809
Depreciation & asset impairment	35 963	36 912	41 688	38 026	41 701	41 701	–	41 808	42 726	42 915
Finance charges	6 983	6 973	11 478	5 851	10 646	10 646	–	10 368	10 990	11 649
Bulk purchases	189 132	200 319	217 375	229 909	241 362	241 362	–	262 961	286 315	311 522
Other materials	20 992	15 422	24 475	22 171	23 118	23 118	–	26 516	33 545	40 037
Contracted services	682	497	526	719	510	510	–	636	674	715
Transfers and grants	–	–	–	–	–	–	–	–	–	–
Other expenditure	51 917	68 485	85 916	76 921	92 139	92 139	–	92 247	98 182	104 060
Loss on disposal of PPE	300	10 645	4 145	–	–	–	–	–	–	–
Total Expenditure	487 971	506 011	598 283	581 027	619 191	619 191	–	709 231	778 870	839 053

During the compilation of the 2016/17 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 11 Repairs and maintenance per asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		18 748	12 955	22 211	18 525	19 770	19 770	20 300	26 856	32 362
Infrastructure - Road transport		2 107	1 956	3 354	4 575	6 700	6 700	5 200	7 500	9 000
Roads, Pavements & Bridges		2 107	1 956	3 354	4 575	6 700	6 700	5 200	7 500	9 000
Storm water		—	—	—	—	—	—	—	—	—
Infrastructure - Electricity		14 279	7 802	13 376	9 900	9 500	9 500	11 500	14 750	17 000
Generation		—	—	—	—	—	—	—	—	—
Transmission & Reticulation		13 379	7 227	12 390	8 900	8 500	8 500	10 000	13 000	15 000
Street Lighting		899	575	986	1 000	1 000	1 000	1 500	1 750	2 000
Infrastructure - Water		940	1 192	2 043	2 000	1 750	1 750	2 000	2 500	3 500
Dams & Reservoirs		—	—	—	—	—	—	—	—	—
Water purification		—	—	—	—	—	—	—	—	—
Reticulation		940	1 192	2 043	2 000	1 750	1 750	2 000	2 500	3 500
Infrastructure - Sanitation		1 412	1 971	3 378	2 000	1 750	1 750	1 500	2 000	2 750
Reticulation		1 412	1 971	3 378	2 000	1 750	1 750	1 500	2 000	2 750
Sewerage purification		—	—	—	—	—	—	—	—	—
Infrastructure - Other		10	35	60	50	70	70	100	106	112
Waste Management		10	35	60	50	70	70	100	106	112
Transportation	2	—	—	—	—	—	—	—	—	—
Gas		—	—	—	—	—	—	—	—	—
Other	3	—	—	—	—	—	—	—	—	—
Community		81	148	254	340	215	215	2 159	2 289	2 426
Parks & gardens		—	—	—	—	—	—	—	—	—
Sportsfields & stadia		32	19	33	50	50	50	890	943	1 000
Swimming pools		—	7	12	—	15	15	335	355	376
Community halls		—	—	—	—	—	—	—	—	—
Libraries		—	—	—	—	—	—	500	530	562
Recreational facilities		—	—	—	—	—	—	—	—	—
Fire, safety & emergency		37	—	—	—	—	—	111	117	124
Security and policing		12	122	209	—	—	—	223	237	251
Buses	7	—	—	—	—	—	—	—	—	—
Clinics		—	—	—	—	—	—	80	85	90
Museums & Art Galleries		—	—	—	—	—	—	—	—	—
Cemeteries		—	—	—	—	—	—	20	21	22
Social rental housing	8	—	—	—	—	—	—	—	—	—
Other		—	—	—	290	150	150	—	—	—
Heritage assets		—	—	—	—	—	—	—	—	—
Buildings		—	—	—	—	—	—	—	—	—
Other	9	—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Housing development		—	—	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—
Other assets		6 152	4 612	5 394	7 084	6 127	6 127	7 432	7 978	9 042
General vehicles		3 989	3 440	3 384	3 778	2 994	2 994	3 375	3 578	3 793
Specialised vehicles		—	—	—	—	—	—	—	—	—
Plant & equipment		193	119	205	940	955	955	1 467	1 555	1 648
Computers - hardware/equipment		—	—	—	297	—	—	50	53	56
Furniture and other office equipment		158	158	270	569	44	44	10	11	11
Abattoirs		—	—	—	—	—	—	—	—	—
Markets		—	—	—	1 500	—	—	—	—	—
Civic Land and Buildings		1 283	852	1 461	—	2 134	2 134	2 530	2 782	3 534
Other Buildings		—	—	—	—	—	—	—	—	—
Other Land		—	—	—	—	—	—	—	—	—
Surplus Assets - (Investment or Inventory)		—	—	—	—	—	—	—	—	—
Other		530	43	74	—	—	—	—	—	—
Agricultural assets		—	—	—	—	—	—	—	—	—
List sub-class		—	—	—	—	—	—	—	—	—
Biological assets		—	—	—	—	—	—	—	—	—
List sub-class		—	—	—	—	—	—	—	—	—
Intangibles		—	—	—	—	—	—	—	—	—
Computers - software & programming		—	—	—	—	—	—	—	—	—
Other (list sub-class)		—	—	—	—	—	—	—	—	—
Total Repairs and Maintenance Expenditure	1	24 981	17 715	27 859	25 949	26 112	26 112	29 891	37 123	43 830
Specialised vehicles		—	—	—	—	—	—	—	—	—
Refuse		—	—	—	—	—	—	—	—	—
Fire		—	—	—	—	—	—	—	—	—
Conservancy		—	—	—	—	—	—	—	—	—
Ambulances		—	—	—	—	—	—	—	—	—
R&M as a % of PPE		4.5%	3.2%	4.7%	4.2%	4.0%	4.0%	4.2%	5.0%	5.5%
R&M as % Operating Expenditure		5.1%	3.5%	4.7%	4.5%	4.2%	4.2%	4.2%	4.8%	5.2%

For the 2016/17 financial year, R29.9 million of total repairs and maintenance will be spent on infrastructure assets

1.5.1 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 12 2016/17 Medium-term capital budget per vote

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Municipal Governance and Administration		-	-	-	-	-	-	-	-	-	-
Vote 2 - Community and Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 3 - Economic and Environmental Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Trading Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Balance Sheet		-	-	-	-	-	-	-	-	-	-
Vote 6 -		-	-	-	-	-	-	-	-	-	-
Vote 7 -		-	-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Municipal Governance and Administration		110	2 278	1 233	3 800	3 650	3 650	-	4 700	1 500	2 000
Vote 2 - Community and Public Safety		1 713	2 177	3 829	2 470	3 737	3 737	-	4 907	9 520	9 320
Vote 3 - Economic and Environmental Services		39 303	26 278	29 996	4 500	3 670	3 670	-	15 500	32 457	34 818
Vote 4 - Trading Services		9 417	6 421	19 961	41 429	34 029	34 029	-	31 904	14 000	24 500
Vote 5 - Balance Sheet		-	-	-	-	-	-	-	-	-	-
Vote 6 -		-	-	-	-	-	-	-	-	-	-
Vote 7 -		-	-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		50 543	37 154	55 019	52 199	45 087	45 087	-	57 011	57 477	70 638
Total Capital Expenditure - Vote		50 543	37 154	55 019	52 199	45 087	45 087	-	57 011	57 477	70 638
Capital Expenditure - Standard											
Governance and administration		110	2 278	1 233	3 800	3 650	3 650	-	4 700	1 500	2 000
Executive and council		110	-	-	1 950	1 950	1 950	-	1 400	-	-
Budget and treasury office		-	-	-	-	-	-	-	-	-	-
Corporate services		-	2 278	1 233	1 850	1 700	1 700	-	3 300	1 500	2 000
Community and public safety		1 713	2 177	3 829	2 470	3 737	3 737	-	4 907	9 520	9 320
Community and social services		1 338	1 966	3 750	2 470	2 929	2 929	-	4 907	9 020	8 820
Sport and recreation		343	184	79	-	809	809	-	-	500	500
Public safety		31	27	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		39 303	26 278	29 996	4 500	3 670	3 670	-	15 500	32 457	34 818
Planning and development		955	530	263	-	184	184	-	1 000	-	-
Road transport		38 348	25 709	29 629	4 500	3 486	3 486	-	14 500	32 457	34 818
Environmental protection		-	39	103	-	-	-	-	-	-	-
Trading services		9 417	6 421	19 961	41 429	34 029	34 029	-	31 904	14 000	24 500
Electricity		8 366	6 372	19 937	11 500	7 400	7 400	-	11 004	10 000	15 000
Water		-	-	24	16 800	13 500	13 500	-	7 500	4 000	5 000
Waste water management		1 051	49	-	13 129	13 129	13 129	-	11 900	-	1 500
Waste management		-	-	-	-	-	-	-	1 500	-	3 000
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	50 543	37 154	55 019	52 199	45 087	45 087	-	57 011	57 477	70 638
Funded by:											
National Government		19 045	27 399	36 260	34 629	34 515	34 515	-	31 204	36 957	43 318
Provincial Government		1 284	454	15 858	1 470	1 872	1 872	-	3 407	8 170	8 170
District Municipality		54	39	-	-	1 049	1 049	-	-	-	-
Other transfers and grants		-	184	79	-	-	-	-	-	-	-
Transfers recognised - capital	4	20 383	28 075	52 198	36 099	37 437	37 437	-	34 611	45 127	51 488
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		30 160	9 079	2 821	16 100	7 650	7 650	-	22 400	12 350	19 150
Total Capital Funding	7	50 543	37 154	55 019	52 199	45 087	45 087	-	57 011	57 477	70 638

Some of the salient projects to be undertaken over the medium-term includes, amongst others:

Description	Source of Funding	2016-17
Equipment in Art and culture department	Recapitalisation Community Grants Library	R1.4 Million
Toy Libraries	Recapitalisation Community Grants Library	R30 000
Toy Libraries	Libraries Plan	R30 000
Library Books	Recapitalisation Community Grants Library	R1 .5 million
Software (ICT)	Libraries Plan	R350 000
RFID Technology	Libraries Plan	R107 000
Fencing Ekuphumuleni & Kwa-Zenzele	Internal Funding	R1.5 million
Fencing of Ratanda admin block palisade	Internal Funding	R1 million
Mayor's Car	Internal Funding	R900 000
Mayor's House	Internal Funding	R500 000
Infrastructure informal traders	Internal Funding	R 1 million
Computer Hardware	Internal Funding	R2.3 million
Equipment for Electrical Department	Internal Funding	R1.9 million
Reticulation: impumelelo EXT 2,3 & 4	Internal Funding	R2.4 million
Electrification of Kwazanlezle	INEP	R3.2 million
Electrification of Obed Nkosi	INEP	R2.7 million
Installation of high mast lights	MIG	R740 000
Roads In Lesedi	MIG	R5.5 Million
Roads in Lesedi	Internal Funding	R4 Million
Road resealing	Internal Funding	R5 million
Equipment in department of sewer	Internal Funding	R400 000
Sewer Plant in devon	MIG	R1.5 million
Upgrade sewer plant in Kwa-Zenzele	MIG	R10 million
Refuse Truck	Internal Funding	R1.5 million
Water tower in Vischkuil	MIG	R7.5 million

Figure 1 Capital Infrastructure Programme**1.6.1 Future operational cost of new infrastructure**

The future operational costs and revenues associated with the capital programme have been included in Table 61 MBRR SA35.

Annual Budget Tables

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2016/17 budget and MTREF as approved by the Council.

Table 13 MBRR Table A1 - Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousands										
<u>Financial Performance</u>										
Property rates	58 417	62 278	84 459	85 592	90 891	90 891	–	98 270	105 671	113 744
Service charges	296 967	316 031	333 887	389 406	407 689	407 689	–	456 051	497 811	543 663
Investment revenue	1 064	1 472	1 039	–	1 200	1 200	–	1 000	1 060	1 124
Transfers recognised - operational	73 193	79 435	84 719	101 503	94 786	94 786	–	103 606	115 615	127 165
Other own revenue	8 860	17 071	64 819	21 538	26 746	26 746	–	67 489	70 905	73 956
Total Revenue (excluding capital transfers and contributions)	438 500	476 286	568 923	598 038	621 312	621 312	–	726 416	791 062	859 652
Employee costs	92 694	100 178	128 403	137 425	137 803	137 803	–	154 837	177 689	188 333
Remuneration of councillors	7 345	7 840	8 433	8 660	9 220	9 220	–	9 819	10 458	11 012
Depreciation & asset impairment	35 963	36 912	41 688	38 026	41 701	41 701	–	41 808	42 726	42 915
Finance charges	6 983	6 973	11 478	5 851	10 646	10 646	–	10 368	10 990	11 649
Materials and bulk purchases	210 124	215 741	241 850	252 080	264 480	264 480	–	289 477	319 860	351 559
Transfers and grants	–	–	–	–	–	–	–	–	–	–
Other expenditure	134 862	138 368	166 431	138 984	155 342	155 342	–	202 921	217 147	233 584
Total Expenditure	487 971	506 011	598 283	581 027	619 191	619 191	–	709 231	778 870	839 053
Surplus/(Deficit)	(49 471)	(29 725)	(29 360)	17 011	2 121	2 121	–	17 185	12 193	20 599
Transfers recognised - capital	20 317	34 079	58 164	35 629	43 012	43 012	–	40 374	46 177	52 588
Contributions recognised - capital & contributed a	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	(29 154)	4 354	28 803	52 640	45 133	45 133	–	57 559	58 370	73 187
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	(29 154)	4 354	28 803	52 640	45 133	45 133	–	57 559	58 370	73 187
<u>Capital expenditure & funds sources</u>										
Capital expenditure	50 543	37 154	55 019	52 199	45 087	45 087	–	57 011	57 477	70 638
Transfers recognised - capital	20 383	28 075	52 198	36 099	37 437	37 437	–	34 611	45 127	51 488
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	30 160	9 079	2 821	16 100	7 650	7 650	–	22 400	12 350	19 150
Total sources of capital funds	50 543	37 154	55 019	52 199	45 087	45 087	–	57 011	57 477	70 638
<u>Financial position</u>										
Total current assets	64 691	81 290	118 176	76 756	110 578	110 578	–	95 998	96 850	106 999
Total non current assets	805 041	795 234	818 046	835 691	867 934	867 934	–	914 759	929 183	963 396
Total current liabilities	109 992	112 628	195 884	81 621	141 343	141 343	–	157 103	162 707	168 923
Total non current liabilities	70 393	69 599	66 742	63 179	63 385	63 385	–	60 013	56 003	51 592
Community wealth/Equity	689 348	694 298	673 595	767 647	773 784	773 784	–	793 641	807 324	849 881
<u>Cash flows</u>										
Net cash from (used) operating	65 022	34 639	68 570	70 667	44 581	44 581	–	57 334	61 742	77 198
Net cash from (used) investing	(50 670)	(38 227)	(55 019)	(52 199)	(52 287)	(52 287)	–	(57 011)	(57 477)	(70 638)
Net cash from (used) financing	(6 512)	(2 596)	(2 823)	(3 063)	(3 063)	(3 063)	–	(3 357)	(3 372)	(4 010)
Cash/cash equivalents at the year end	14 432	8 248	18 976	21 390	8 207	8 207	–	5 174	6 067	8 616
<u>Cash backing/surplus reconciliation</u>										
Cash and investments available	14 432	8 248	18 976	21 390	8 208	8 208	–	5 174	6 067	8 616
Application of cash and investments	39 357	23 557	15 836	(863)	(40 704)	(40 704)	–	(10 449)	(11 669)	(17 780)
Balance - surplus (shortfall)	(24 925)	(15 309)	3 140	22 252	48 911	48 911	–	15 623	17 736	26 396
<u>Asset management</u>										
Asset register summary (WDV)	769 979	795 234	803 394	835 533	818 082	803 423	816 937	816 937	832 374	857 678
Depreciation & asset impairment	35 963	36 912	41 688	38 026	41 701	41 701	41 808	41 808	42 726	42 915
Renewal of Existing Assets	–	3 920	701	11 000	1 500	1 500	1 500	5 000	9 500	13 000
Repairs and Maintenance	24 981	17 715	27 859	25 949	26 112	26 112	29 891	29 891	37 123	43 830
<u>Free services</u>										
Cost of Free Basic Services provided	–	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided	–	–	–	–	–	–	–	–	–	–
<u>Households below minimum service level</u>										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewage:	8	2	0	2	2	–	2	2	2	2
Energy:	8	8	4	4	4	–	4	4	4	4
Refuse:	5	0	5	0	0	–	0	0	0	0

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget
4. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 18 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		125 695	138 324	169 776	175 392	185 318	185 318	201 342	221 809	242 329
Executive and council		4 101	3 645	3 581	4 559	5 042	5 042	6 868	6 696	7 042
Budget and treasury office		118 595	130 390	157 913	169 602	177 371	177 371	192 104	212 661	232 748
Corporate services		2 999	4 289	8 282	1 231	2 905	2 905	2 370	2 452	2 539
<i>Community and public safety</i>		12 555	17 424	44 729	22 153	25 679	25 679	68 761	71 034	72 724
Community and social services		5 303	4 140	7 764	8 692	8 656	8 656	10 929	10 716	9 991
Sport and recreation		50	387	370	144	929	929	114	9	10
Public safety		306	4 810	30 511	5 132	5 831	5 831	46 598	48 231	49 921
Housing		531	2 197	659	1 549	3 584	3 584	4 082	4 168	4 418
Health		6 366	5 890	5 426	6 636	6 680	6 680	7 038	7 910	8 385
<i>Economic and environmental services</i>		21 469	29 521	39 872	29 034	4 841	4 841	6 065	27 220	28 597
Planning and development		2 320	3 354	2 990	3 089	1 035	1 035	248	263	279
Road transport		19 107	26 059	36 882	25 840	3 697	3 697	5 711	26 957	28 318
Environmental protection		42	107	-	105	109	109	105	-	-
<i>Trading services</i>		299 096	325 096	372 709	407 089	448 486	448 486	490 600	517 153	568 565
Electricity		199 026	215 793	250 701	258 691	267 641	267 641	301 900	327 530	356 674
Water		60 300	66 105	72 315	96 833	114 104	114 104	119 532	126 578	142 770
Waste water management		17 083	19 501	23 185	23 029	37 341	37 341	38 447	30 178	33 960
Waste management		22 687	23 698	26 508	28 535	29 400	29 400	30 722	32 867	35 161
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	458 816	510 365	627 086	633 667	664 324	664 324	766 768	837 216	912 216
Expenditure - Standard										
<i>Governance and administration</i>		104 621	121 679	132 961	126 793	140 025	140 025	150 635	164 730	178 861
Executive and council		20 830	31 933	38 184	31 021	39 006	39 006	30 437	33 366	35 288
Budget and treasury office		51 599	47 095	41 832	48 990	51 133	51 133	66 641	71 757	76 308
Corporate services		32 193	42 651	52 946	46 781	49 887	49 887	53 558	59 607	67 264
<i>Community and public safety</i>		36 679	51 339	66 407	68 884	79 371	79 371	121 237	131 269	138 608
Community and social services		8 991	9 555	12 346	12 562	15 230	15 230	15 113	16 898	17 867
Sport and recreation		2 442	2 539	3 843	3 890	2 751	2 751	5 660	6 069	5 706
Public safety		14 269	18 337	25 638	31 295	35 373	35 373	74 959	82 147	86 619
Housing		5 659	16 012	20 198	15 920	20 597	20 597	19 742	19 602	21 608
Health		5 319	4 896	4 382	5 218	5 421	5 421	5 762	6 554	6 809
<i>Economic and environmental services</i>		39 724	27 319	45 479	33 542	36 271	36 271	33 302	41 072	41 192
Planning and development		9 019	6 090	17 188	7 346	6 964	6 964	5 454	6 214	6 587
Road transport		21 831	11 449	28 291	21 866	24 364	24 364	22 678	29 115	28 511
Environmental protection		8 874	9 781	-	4 330	4 944	4 944	5 170	5 744	6 095
<i>Trading services</i>		306 947	305 673	353 435	351 808	363 524	363 524	404 034	441 775	480 367
Electricity		203 262	205 024	224 976	237 778	249 346	249 346	273 697	294 955	319 692
Water		61 486	60 281	79 252	71 583	68 858	68 858	80 598	91 495	101 475
Waste water management		19 175	19 851	22 828	24 565	22 431	22 431	27 680	30 968	33 325
Waste management		23 024	20 517	26 379	17 881	22 888	22 888	22 059	24 358	25 875
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	487 971	506 011	598 283	581 027	619 191	619 191	709 209	778 846	839 028
Surplus/(Deficit) for the year		(29 154)	4 354	28 803	52 640	45 133	45 133	57 559	58 370	73 187

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
Revenue By Source											
Property rates	2	58 417	62 278	84 459	85 592	90 891	90 891	–	98 270	105 671	113 744
Property rates - penalties & collection charges		–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	2	196 590	205 644	216 219	244 750	256 124	256 124	–	288 970	311 043	334 797
Service charges - water revenue	2	59 001	64 378	70 209	95 127	98 914	98 914	–	110 353	124 589	140 661
Service charges - sanitation revenue	2	16 487	18 628	20 711	21 870	23 116	23 116	–	25 317	28 582	32 269
Service charges - refuse revenue	2	22 117	23 070	25 598	27 660	28 384	28 384	–	30 193	32 307	34 568
Service charges - other		2 773	4 312	1 150	–	1 150	1 150	–	1 217	1 291	1 368
Rental of facilities and equipment		3 015	3 267	3 512	3 605	3 936	3 936	–	4 331	4 591	4 867
Interest earned - external investments		1 064	1 472	1 039	–	1 200	1 200	–	1 000	1 060	1 124
Interest earned - outstanding debtors		4 657	7 474	10 482	9 390	13 386	13 386	–	13 700	14 522	15 393
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines		168	4 663	30 212	5 163	5 664	5 664	–	46 516	48 144	49 829
Licences and permits		44	58	41	41	32	32	–	62	66	70
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers recognised - operational		73 193	79 435	84 719	101 503	94 786	94 786	–	103 606	115 615	127 165
Other revenue	2	976	1 609	20 013	3 338	3 728	3 728	–	2 880	3 583	3 798
Gains on disposal of PPE		–	–	558	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		438 500	476 286	568 923	598 038	621 312	621 312	–	726 416	791 062	859 652
Expenditure By Type											
Employee related costs	2	92 694	100 178	128 403	137 425	137 803	137 803	–	154 837	177 689	188 333
Remuneration of councillors		7 345	7 840	8 433	8 660	9 220	9 220	–	9 819	10 458	11 012
Debt impairment	3	81 963	58 741	75 844	61 345	62 693	62 693	–	110 039	118 291	128 809
Depreciation & asset impairment	2	35 963	36 912	41 688	38 026	41 701	41 701	–	41 808	42 726	42 915
Finance charges		6 983	6 973	11 478	5 851	10 646	10 646	–	10 368	10 990	11 649
Bulk purchases	2	189 132	200 319	217 375	229 909	241 362	241 362	–	262 961	286 315	311 522
Other materials	8	20 992	15 422	24 475	22 171	23 118	23 118	–	26 516	33 545	40 037
Contracted services		682	497	526	719	510	510	–	636	674	715
Transfers and grants		–	–	–	–	–	–	–	–	–	–
Other expenditure	4, 5	51 917	68 485	85 916	76 921	92 139	92 139	–	92 247	98 182	104 060
Loss on disposal of PPE		300	10 645	4 145	–	–	–	–	–	–	–
Total Expenditure		487 971	506 011	598 283	581 027	619 191	619 191	–	709 231	778 870	839 053
Surplus/(Deficit)		(49 471)	(29 725)	(29 360)	17 011	2 121	2 121	–	17 185	12 193	20 599
Transfers recognised - capital		20 317	34 079	58 164	35 629	43 012	43 012	–	40 374	46 177	52 588
Contributions recognised - capital	6	–	–	–	–	–	–	–	–	–	–
Contributed assets		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		(29 154)	4 354	28 803	52 640	45 133	45 133	–	57 559	58 370	73 187
Taxation		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		(29 154)	4 354	28 803	52 640	45 133	45 133	–	57 559	58 370	73 187
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		(29 154)	4 354	28 803	52 640	45 133	45 133	–	57 559	58 370	73 187
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year		(29 154)	4 354	28 803	52 640	45 133	45 133	–	57 559	58 370	73 187

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.

Table 14 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote	1									
Vote 1 - Municipal Governance and Administration		125 695	138 324	169 776	175 392	185 318	185 318	201 342	221 809	242 329
Vote 2 - Community and Public Safety		12 555	17 424	44 729	22 153	25 679	25 679	68 761	71 034	72 724
Vote 3 - Economic and Environmental Services		21 469	29 521	39 872	29 034	4 841	4 841	6 065	27 220	28 597
Vote 4 - Trading Services		299 096	325 096	372 709	407 089	448 486	448 486	490 600	517 153	568 565
Vote 5 - Balance Sheet		-	-	-	-	-	-	-	-	-
Vote 6 -		-	-	-	-	-	-	-	-	-
Vote 7 -		-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	458 816	510 365	627 086	633 667	664 324	664 324	766 768	837 216	912 216
Expenditure by Vote to be appropriated	1									
Vote 1 - Municipal Governance and Administration		104 621	121 679	132 961	126 793	140 025	140 025	150 635	164 730	178 861
Vote 2 - Community and Public Safety		36 679	51 339	66 407	68 884	79 371	79 371	121 237	131 269	138 608
Vote 3 - Economic and Environmental Services		39 724	27 319	45 479	33 542	36 271	36 271	33 302	41 072	41 192
Vote 4 - Trading Services		306 947	305 673	353 435	351 808	363 524	363 524	404 034	441 775	480 367
Vote 5 - Balance Sheet		-	-	-	-	-	-	-	-	-
Vote 6 -		-	-	-	-	-	-	-	-	-
Vote 7 -		-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	487 971	506 011	598 283	581 027	619 191	619 191	709 209	778 846	839 028
Surplus/(Deficit) for the year	2	(29 154)	4 354	28 803	52 640	45 133	45 133	57 559	58 370	73 187

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

- Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Council. This means it is possible to present the operating surplus or deficit of a vote.

Table 15 Surplus/(Deficit) calculations for the trading services

Standard Classification Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Electricity									
Total Revenue (Inc. Capital Grants and Transfer)	199 026	215 793	250 701	258 691	267 641	267 641	301 900	327 530	356 674
Operation Expenditure	203 262	205 024	224 976	237 778	249 346	249 346	273 697	294 955	319 692
Surplus (Defecit) for the year	(4 236)	10 769	25 725	20 913	18 295	18 295	28 203	32 575	36 982
Surplus Percentage	-2%	5%	10%	8%	7%	7%	9%	10%	10%
Water									
Total Revenue (Inc. Capital Grants and Transfer)	60 300	66 105	72 315	96 833	114 104	114 104	119 532	126 578	142 770
Operation Expenditure	61 486	60 281	79 252	71 583	68 858	68 858	80 598	91 495	101 475
Surplus (Defecit) for the year	(1 186)	5 824	(6 937)	25 250	45 246	45 246	38 934	35 084	41 295
Surplus Percentage	-2%	9%	-10%	26%	40%	40%	33%	28%	29%

- The electricity trading surplus is increasing over the 2016/17 MTREF from 9% or R21 251 in 2016/17 to 10 %t by 2018/18. This is primarily as a result of the increases in collection rate specifically on the electricity.
- The surplus on the water account is deteriorating over the 2016/17 MTREF from 33% or from R38.9 in 2016/17 to 29% by 2018/19.

Table 16 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1										
Revenue By Source											
Property rates	2	58 417	62 278	84 459	85 592	90 891	90 891	–	98 270	105 671	113 744
Property rates - penalties & collection charges		–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	2	196 590	205 644	216 219	244 750	256 124	256 124	–	288 970	311 043	334 797
Service charges - water revenue	2	59 001	64 378	70 209	95 127	98 914	98 914	–	110 353	124 589	140 661
Service charges - sanitation revenue	2	16 487	18 628	20 711	21 870	23 116	23 116	–	25 317	28 582	32 269
Service charges - refuse revenue	2	22 117	23 070	25 598	27 660	28 384	28 384	–	30 193	32 307	34 568
Service charges - other		2 773	4 312	1 150	–	1 150	1 150	–	1 217	1 291	1 368
Rental of facilities and equipment		3 015	3 267	3 512	3 605	3 936	3 936	–	4 331	4 591	4 867
Interest earned - external investments		1 064	1 472	1 039	–	1 200	1 200	–	1 000	1 060	1 124
Interest earned - outstanding debtors		4 657	7 474	10 482	9 390	13 386	13 386	–	13 700	14 522	15 393
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines		168	4 663	30 212	5 163	5 664	5 664	–	46 516	48 144	49 829
Licences and permits		44	58	41	41	32	32	–	62	66	70
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers recognised - operational		73 193	79 435	84 719	101 503	94 786	94 786	–	103 606	115 615	127 165
Other revenue	2	976	1 609	20 013	3 338	3 728	3 728	–	2 880	3 583	3 798
Gains on disposal of PPE		–	–	558	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		438 500	476 286	568 923	598 038	621 312	621 312	–	726 416	791 062	859 652
Expenditure By Type											
Employee related costs	2	92 694	100 178	128 403	137 425	137 803	137 803	–	154 837	177 689	188 333
Remuneration of councillors		7 345	7 840	8 433	8 660	9 220	9 220	–	9 819	10 458	11 012
Debt impairment	3	81 963	58 741	75 844	61 345	62 693	62 693	–	110 039	118 291	128 809
Depreciation & asset impairment	2	35 963	36 912	41 688	38 026	41 701	41 701	–	41 808	42 726	42 915
Finance charges		6 983	6 973	11 478	5 851	10 646	10 646	–	10 368	10 990	11 649
Bulk purchases	2	189 132	200 319	217 375	229 909	241 362	241 362	–	262 961	286 315	311 522
Other materials	8	20 992	15 422	24 475	22 171	23 118	23 118	–	26 516	33 545	40 037
Contracted services		682	497	526	719	510	510	–	636	674	715
Transfers and grants		–	–	–	–	–	–	–	–	–	–
Other expenditure	4, 5	51 917	68 485	85 916	76 921	92 139	92 139	–	92 247	98 182	104 060
Loss on disposal of PPE		300	10 645	4 145	–	–	–	–	–	–	–
Total Expenditure		487 971	506 011	598 283	581 027	619 191	619 191	–	709 231	778 870	839 053
Surplus/(Deficit)		(49 471)	(29 725)	(29 360)	17 011	2 121	2 121	–	17 185	12 193	20 599
Transfers recognised - capital		20 317	34 079	58 164	35 629	43 012	43 012	–	40 374	46 177	52 588
Contributions recognised - capital	6	–	–	–	–	–	–	–	–	–	–
Contributed assets		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		(29 154)	4 354	28 803	52 640	45 133	45 133	–	57 559	58 370	73 187
Taxation		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		(29 154)	4 354	28 803	52 640	45 133	45 133	–	57 559	58 370	73 187
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		(29 154)	4 354	28 803	52 640	45 133	45 133	–	57 559	58 370	73 187
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year		(29 154)	4 354	28 803	52 640	45 133	45 133	–	57 559	58 370	73 187

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R726.4 million in 2016/17 and escalates to R859.6 million by 2018/19. This represents a year-on-year increase of 8.7% for the 2017/18 financial year and 8.7% for the 2018/19 financial year.
2. Revenue to be generated from property rates is R98.3 million in the 2016/17 financial year and increases to R113.7 million by 2018/19 which represents 13.5% of the operating revenue base of the Council and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R456.1 million for the 2016/17 financial year and increasing to R543.7 million by 2018/19. For the 2016/17 financial year services charges amount to 62.8% of the total revenue.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 9.3% and 9.9% for the two outer years. The percentage share of this revenue source declines due to the more rapid relative growth in service charge revenues.
5. Bulk purchases have significantly increased over the 2012/13 to 2018/19 period escalating from R189.1 million to R311.5 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from Rand Water.
6. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 17 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Revenue by Vote	1									
Vote 1 - Municipal Governance and Administration		125 695	138 324	169 776	175 392	185 318	185 318	201 342	221 809	242 329
Vote 2 - Community and Public Safety		12 555	17 424	44 729	22 153	25 679	25 679	68 761	71 034	72 724
Vote 3 - Economic and Environmental Services		21 469	29 521	39 872	29 034	4 841	4 841	6 065	27 220	28 597
Vote 4 - Trading Services		299 096	325 096	372 709	407 089	448 486	448 486	490 600	517 153	568 565
Vote 5 - Balance Sheet		-	-	-	-	-	-	-	-	-
Vote 6 -		-	-	-	-	-	-	-	-	-
Vote 7 -		-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	458 816	510 365	627 086	633 667	664 324	664 324	766 768	837 216	912 216
Expenditure by Vote to be appropriated	1									
Vote 1 - Municipal Governance and Administration		104 621	121 679	132 961	126 793	140 025	140 025	150 635	164 730	178 861
Vote 2 - Community and Public Safety		36 679	51 339	66 407	68 884	79 371	79 371	121 237	131 269	138 608
Vote 3 - Economic and Environmental Services		39 724	27 319	45 479	33 542	36 271	36 271	33 302	41 072	41 192
Vote 4 - Trading Services		306 947	305 673	353 435	351 808	363 524	363 524	404 034	441 775	480 367
Vote 5 - Balance Sheet		-	-	-	-	-	-	-	-	-
Vote 6 -		-	-	-	-	-	-	-	-	-
Vote 7 -		-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	487 971	506 011	598 283	581 027	619 191	619 191	709 209	778 846	839 028
Surplus/(Deficit) for the year	2	(29 154)	4 354	28 803	52 640	45 133	45 133	57 559	58 370	73 187

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Single-year capital expenditure has been appropriated at R57.6 million for the 2016/17 financial year and an increase over the MTREF at levels of R58.4 million and R73.2 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality.
5. The capital programme is funded from capital and national, provincial grants and transfer and internally generated funds from current year surpluses.

Table 18 MBRR Table A6 - Budgeted Financial Position

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
ASSETS											
Current assets											
Cash		2 002	3 140	2 383	21 390	8 208	8 208	–	5 174	6 067	8 616
Call investment deposits	1	12 430	5 108	16 593	–	–	–	–	–	–	–
Consumer debtors	1	42 707	61 288	57 321	46 505	63 298	63 298	–	56 558	56 517	64 117
Other debtors		3 575	7 995	38 619	5 621	36 532	36 532	–	31 048	31 048	31 048
Current portion of long-term receivables		–	–	–	–	–	–	–	–	–	–
Inventory	2	3 977	3 759	3 261	3 240	2 541	2 541	–	3 218	3 218	3 218
Total current assets		64 691	81 290	118 176	76 756	110 578	110 578	–	95 998	96 850	106 999
Non current assets											
Long-term receivables		–	–	–	–	–	–	–	–	–	–
Investments		–	–	–	–	–	–	–	–	–	–
Investment property		243 891	232 513	220 980	209 758	205 969	205 969	–	192 619	180 254	167 834
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	557 382	558 094	592 273	621 911	657 117	657 117	–	718 883	746 521	794 116
Agricultural		–	–	–	–	–	–	–	–	–	–
Biological		–	–	–	–	–	–	–	–	–	–
Intangible		3 610	4 469	4 635	3 864	4 691	4 691	–	3 100	2 250	1 289
Other non-current assets		159	158	158	158	158	158	–	158	158	158
Total non current assets		805 041	795 234	818 046	835 691	867 934	867 934	–	914 759	929 183	963 396
TOTAL ASSETS		869 733	876 524	936 222	912 447	978 512	978 512	–	1 010 757	1 026 033	1 070 396
LIABILITIES											
Current liabilities											
Bank overdraft	1	–	–	–	–	–	–	–	–	–	–
Borrowing	4	2 596	2 823	3 063	3 357	3 357	3 357	–	3 372	4 010	4 411
Consumer deposits		7 452	7 733	8 239	8 178	8 239	8 239	–	9 446	9 446	9 446
Trade and other payables	4	90 500	93 619	122 001	61 634	60 615	60 615	–	76 389	76 039	76 039
Provisions		9 443	8 452	62 581	8 452	69 132	18 011	–	11 460	11 460	11 460
Total current liabilities		109 992	112 628	195 884	81 621	141 343	90 222	–	100 667	100 956	101 357
Non current liabilities											
Borrowing		67 881	65 057	61 994	58 637	58 637	58 637	–	55 266	51 255	46 844
Provisions		2 512	4 542	4 748	4 542	4 748	55 869	–	61 184	66 499	72 314
Total non current liabilities		70 393	69 599	66 742	63 179	63 385	114 506	–	116 449	117 754	119 158
TOTAL LIABILITIES		180 385	182 226	262 626	144 800	204 728	204 728	–	217 116	218 710	220 515
NET ASSETS	5	689 348	694 298	673 595	767 647	773 784	773 784	–	793 641	807 324	849 881
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)	4	689 348	694 298	673 595	767 647	773 784	773 784	–	793 641	807 324	849 881
Reserves		–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	689 348	694 298	673 595	767 647	773 784	773 784	–	793 641	807 324	849 881

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 66 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 19 MBRR Table A7 - Budgeted Cash Flow Statement

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		–	–	76 222	71 041	72 712	72 712	–	77 634	83 480	90 995
Service charges		350 304	334 355	333 927	324 115	326 351	326 351	–	362 785	401 100	438 601
Other revenue		–	–	24 610	12 148	10 688	10 688	–	14 251	15 461	16 351
Government - operating	1	80 737	86 415	85 428	101 503	94 299	94 299	–	103 606	115 615	127 165
Government - capital	1	20 317	24 950	59 667	35 629	43 124	43 124	–	40 374	46 177	52 588
Interest		5 720	8 946	11 521	7 888	7 409	7 409	–	11 275	12 678	13 438
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		(385 027)	(413 010)	(511 326)	(398 885)	(504 152)	(504 152)	–	(547 016)	(606 862)	(655 679)
Finance charges		(7 028)	(7 016)	(11 478)	(5 851)	(5 851)	(5 851)	–	(5 573)	(5 907)	(6 262)
Transfers and Grants	1	–	–	–	(76 921)	–	–	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		65 022	34 639	68 570	70 667	44 581	44 581	–	57 334	61 742	77 198
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		(126)	(1 073)	–	–	–	–	–	–	–	–
Decrease (Increase) in non-current debtors		–	–	–	–	–	–	–	–	–	–
Decrease (increase) other non-current receivables		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–	–	–	–
Payments											
Capital assets		(50 543)	(37 154)	(55 019)	(52 199)	(52 287)	(52 287)	–	(57 011)	(57 477)	(70 638)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(50 670)	(38 227)	(55 019)	(52 199)	(52 287)	(52 287)	–	(57 011)	(57 477)	(70 638)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–	–	–	–
Payments											
Repayment of borrowing		(6 512)	(2 596)	(2 823)	(3 063)	(3 063)	(3 063)	–	(3 357)	(3 372)	(4 010)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(6 512)	(2 596)	(2 823)	(3 063)	(3 063)	(3 063)	–	(3 357)	(3 372)	(4 010)
NET INCREASE/ (DECREASE) IN CASH HELD		7 840	(6 184)	10 728	15 405	(10 769)	(10 769)	–	(3 033)	893	2 549
Cash/cash equivalents at the year begin:	2	6 592	14 432	8 248	5 985	18 976	18 976	–	8 207	5 174	6 067
Cash/cash equivalents at the year end:	2	14 432	8 248	18 976	21 390	8 207	8 207	–	5 174	6 067	8 616

Table 20 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
<u>Cash and investments available</u>											
Cash/cash equivalents at the year end	1	14 432	8 248	18 976	21 390	8 207	8 207	–	5 174	6 067	8 616
Other current investments > 90 days		0	0	–	(0)	0	0	–	0	(0)	(0)
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		14 432	8 248	18 976	21 390	8 208	8 208	–	5 174	6 067	8 616
<u>Application of cash and investments</u>											
Unspent conditional transfers		11 574	2 111	(683)	–	(1 448)	(1 448)	–	–	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	27 784	21 446	16 519	(863)	(39 255)	(39 255)	–	(10 449)	(11 669)	(17 780)
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		39 357	23 557	15 836	(863)	(40 704)	(40 704)	–	(10 449)	(11 669)	(17 780)
Surplus(shortfall)		(24 925)	(15 309)	3 140	22 252	48 911	48 911	–	15 623	17 736	26 396

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The approved 2015/16 MTREF provide for a further net increase in cash of R15.4 million for the 2015/16 financial year resulting in an overall projected negative cash position of R21.4 million at year end.
4. Cash and cash equivalents totals R5.2 million as at the end of the 2016/17 financial year and escalates to R8.6 million by 2018/19.

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. From the table it can be seen that the budget is funded over the MTREF period

Table 21 MBRR Table A9 - Asset Management

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		18 748	12 955	22 211	18 525	19 770	19 770	20 300	26 856	32 362
Infrastructure - Road transport		2 107	1 956	3 354	4 575	6 700	6 700	5 200	7 500	9 000
Roads, Pavements & Bridges		2 107	1 956	3 354	4 575	6 700	6 700	5 200	7 500	9 000
Storm water		—	—	—	—	—	—	—	—	—
Infrastructure - Electricity		14 279	7 802	13 376	9 900	9 500	9 500	11 500	14 750	17 000
Generation		—	—	—	—	—	—	—	—	—
Transmission & Reticulation		13 379	7 227	12 390	8 900	8 500	8 500	10 000	13 000	15 000
Street Lighting		899	575	986	1 000	1 000	1 000	1 500	1 750	2 000
Infrastructure - Water		940	1 192	2 043	2 000	1 750	1 750	2 000	2 500	3 500
Dams & Reservoirs		—	—	—	—	—	—	—	—	—
Water purification		—	—	—	—	—	—	—	—	—
Reticulation		940	1 192	2 043	2 000	1 750	1 750	2 000	2 500	3 500
Infrastructure - Sanitation		1 412	1 971	3 378	2 000	1 750	1 750	1 500	2 000	2 750
Reticulation		1 412	1 971	3 378	2 000	1 750	1 750	1 500	2 000	2 750
Sewerage purification		—	—	—	—	—	—	—	—	—
Infrastructure - Other		10	35	60	50	70	70	100	106	112
Waste Management		10	35	60	50	70	70	100	106	112
Transportation	2	—	—	—	—	—	—	—	—	—
Gas		—	—	—	—	—	—	—	—	—
Other	3	—	—	—	—	—	—	—	—	—
Community		81	148	254	340	215	215	2 159	2 289	2 426
Parks & gardens		—	—	—	—	—	—	—	—	—
Sportsfields & stadia		32	19	33	50	50	50	890	943	1 000
Swimming pools		—	7	12	—	15	15	335	355	376
Community halls		—	—	—	—	—	—	—	—	—
Libraries		—	—	—	—	—	—	500	530	562
Recreational facilities		—	—	—	—	—	—	—	—	—
Fire, safety & emergency		37	—	—	—	—	—	111	117	124
Security and policing		12	122	209	—	—	—	223	237	251
Buses		—	—	—	—	—	—	—	—	—
Clinics		—	—	—	—	—	—	80	85	90
Museums & Art Galleries		—	—	—	—	—	—	—	—	—
Cemeteries		—	—	—	—	—	—	20	21	22
Social rental housing		—	—	—	—	—	—	—	—	—
Other	8	—	—	—	290	150	150	—	—	—
Heritage assets		—	—	—	—	—	—	—	—	—
Buildings		—	—	—	—	—	—	—	—	—
Other	9	—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Housing development		—	—	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—
Other assets		6 152	4 612	5 394	7 084	6 127	6 127	7 432	7 978	9 042
General vehicles		3 989	3 440	3 384	3 778	2 994	2 994	3 375	3 578	3 793
Specialised vehicles		—	—	—	—	—	—	—	—	—
Plant & equipment		193	119	205	940	955	955	1 467	1 555	1 648
Computers - hardware/equipment		—	—	—	297	—	—	50	53	56
Furniture and other office equipment		158	158	270	569	44	44	10	11	11
Abattoirs		—	—	—	—	—	—	—	—	—
Markets		—	—	—	1 500	—	—	—	—	—
Civic Land and Buildings		1 283	852	1 461	—	2 134	2 134	2 530	2 782	3 534
Other Buildings		—	—	—	—	—	—	—	—	—
Other Land		—	—	—	—	—	—	—	—	—
Surplus Assets - (Investment or Inventory)		—	—	—	—	—	—	—	—	—
Other		530	43	74	—	—	—	—	—	—
Agricultural assets		—	—	—	—	—	—	—	—	—
List sub-class		—	—	—	—	—	—	—	—	—
Biological assets		—	—	—	—	—	—	—	—	—
List sub-class		—	—	—	—	—	—	—	—	—
Intangibles		—	—	—	—	—	—	—	—	—
Computers - software & programming		—	—	—	—	—	—	—	—	—
Other (list sub-class)		—	—	—	—	—	—	—	—	—
Total Repairs and Maintenance Expenditure	1	24 981	17 715	27 859	25 949	26 112	26 112	29 891	37 123	43 830
Specialised vehicles										
Refuse		—	—	—	—	—	—	—	—	—
Fire		—	—	—	—	—	—	—	—	—
Conservancy		—	—	—	—	—	—	—	—	—
Ambulances		—	—	—	—	—	—	—	—	—
R&M as a % of PPE		4.5%	3.2%	4.7%	4.2%	4.0%	4.0%	4.2%	5.0%	5.5%
R&M as % Operating Expenditure		5.1%	3.5%	4.7%	4.5%	4.2%	4.2%	4.2%	4.8%	5.2%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40% of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8% PPE. The Minister of COGTA has announced in the Back to Basics Programme that at least 7% of the operational budget should be allocated to Repairs and Maintenance.

Table 22 MBRR Table A10 - Basic Service Delivery Measurement

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Household service targets	1									
Water:										
Piped water inside dwelling		17 149	10 721	29 058	10 721	10 721	–	10 721	10 721	10 721
Piped water inside yard (but not in dwelling)		11 741	8 289	286	8 289	8 289	–	8 289	8 289	8 289
Using public tap (at least min.service level)	2	2 200	1 806	2 206	1 806	1 806	–	1 806	1 806	1 806
Other water supply (at least min.service level)	4	90	259	–	259	259	–	259	259	259
<i>Minimum Service Level and Above sub-total</i>		31 180	21 075	31 550	21 075	21 075	–	21 075	21 075	21 075
Using public tap (< min.service level)	3	–	–	–	–	–	–	–	–	–
Other water supply (< min.service level)	4	–	–	–	–	–	–	–	–	–
No water supply		–	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>		–	–	–	–	–	–	–	–	–
Total number of households	5	31 180	21 075	31 550	21 075	21 075	–	21 075	21 075	21 075
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		23 500	25 877	28 427	25 877	25 877	–	25 877	25 877	25 877
Flush toilet (with septic tank)		–	478	1 802	478	478	–	478	478	478
Chemical toilet		–	–	–	–	–	–	–	–	–
Pit toilet (ventilated)		–	205	316	205	205	–	205	205	205
Other toilet provisions (> min.service level)		–	–	947	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>		23 500	26 560	31 492	26 560	26 560	–	26 560	26 560	26 560
Bucket toilet		–	60	58	60	60	–	60	60	60
Other toilet provisions (< min.service level)		–	1 900	–	1 900	1 900	–	1 900	1 900	1 900
No toilet provisions		7 680	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>		7 680	1 960	58	1 960	1 960	–	1 960	1 960	1 960
Total number of households	5	31 180	28 520	31 550	28 520	28 520	–	28 520	28 520	28 520
Energy:										
Electricity (at least min.service level)		23 500	23 500	27 719	27 719	27 719	–	27 719	27 719	27 719
Electricity - prepaid (min.service level)		–	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>		23 500	23 500	27 719	27 719	27 719	–	27 719	27 719	27 719
Electricity (< min.service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)		–	–	–	–	–	–	–	–	–
Other energy sources		7 680	7 680	3 831	3 831	3 831	–	3 831	3 831	3 831
<i>Below Minimum Service Level sub-total</i>		7 680	7 680	3 831	3 831	3 831	–	3 831	3 831	3 831
Total number of households	5	31 180	31 180	31 550	31 550	31 550	–	31 550	31 550	31 550
Refuse:										
Removed at least once a week		26 500	21 151	27 038	21 151	21 151	–	21 151	21 151	21 151
<i>Minimum Service Level and Above sub-total</i>		26 500	21 151	27 038	21 151	21 151	–	21 151	21 151	21 151
Removed less frequently than once a week		–	–	–	–	–	–	–	–	–
Using communal refuse dump		–	90	–	90	90	–	90	90	90
Using own refuse dump		1	–	1	–	–	–	–	–	–
Other rubbish disposal		4 679	–	4 511	–	–	–	–	–	–
No rubbish disposal		–	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>		4 680	90	4 512	90	90	–	90	90	90
Total number of households	5	31 180	21 241	31 550	21 241	21 241	–	21 241	21 241	21 241
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		–	–	–	–	–	–	–	–	–
Sanitation (free minimum level service)		–	–	–	–	–	–	–	–	–
Electricity/other energy (50kwh per household per month)		–	–	–	–	–	–	–	–	–
Refuse (removed at least once a week)		–	–	–	–	–	–	–	–	–
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		–	–	–	–	–	–	–	–	–
Sanitation (free sanitation service to indigent households)		–	–	–	–	–	–	–	–	–
Electricity/other energy (50kwh per indigent household per month)		–	–	–	–	–	–	–	–	–
Refuse (removed once a week for indigent households)		–	–	–	–	–	–	–	–	–
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		–	–	–	–	–	–	–	–	–
Total cost of FBS provided		–	–	–	–	–	–	–	–	–
Highest level of free service provided per household										
Property rates (R value threshold)		115 000	115 000	115 000	115 000	115 000	115 000	115 000	115 000	115 000
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)		–	–	–	–	–	–	–	–	–
Sanitation (Rand per household per month)		–	–	–	–	–	–	–	–	–
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		–	–	–	–	–	–	–	–	–
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		–	–	–	–	–	–	–	–	–
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		–	–	–	–	–	–	–	–	–
Water (in excess of 6 kilolitres per indigent household per month)		–	–	–	–	–	–	–	–	–
Sanitation (in excess of free sanitation service to indigent households)		–	–	–	–	–	–	–	–	–
Electricity/other energy (in excess of 50 kwh per indigent household per month)		–	–	–	–	–	–	–	–	–
Refuse (in excess of one removal a week for indigent households)		–	–	–	–	–	–	–	–	–
Municipal Housing - rental rebates		–	–	–	–	–	–	–	–	–
Housing - top structure subsidies		–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–
Total revenue cost of subsidised services provided	6	–	–	–	–	–	–	–	–	–

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The budget provides for households to be registered as indigent to receiving Free Basic Services. The number is set to increase to households given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.
3. The cost of free basic services will be covered by the municipality's equitable share allocation from National Treasury.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Executive Mayor.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2015) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 30 July 2015. Key dates applicable to the process were:

ACTIVITY	MAJOR ACTIVITY	TIME FRAME	RESPONSIBILITY
Planning	<p>Drafting a Process Plan outlining the steps for compilation of the 2016/17 IDP & Budget.</p> <p>Time schedule outlining key deadlines for preparing, tabling and approving the budget,</p>	July	LEDP and CFO

ACTIVITY	MAJOR ACTIVITY	TIME FRAME	RESPONSIBILITY
	<p>reviewing the IDP (s 28, 29 & 34 of MSA) and budget related policies and consultation processes at least 10 months before the start of the budget year.</p> <p>MFMA s21 – The mayor of a municipality must – (a) co-ordinate the process for preparing the annual budget and for reviewing the municipality's integrated development plan and budget-related policies to ensure that the tabled budget and any revisions of the integrated development plan and budget-related policies are mutually consistent and credible</p> <p>(MSA s28, 29 & 34 & MFMA s21)</p>		
SMT	Inform HODS	11 August 2015	Executive Manager: LEDP
MAYCO	Time schedule to be considered at Mayoral Committee	25 August 2015	Mayoral Committee
Council	<p>Schedule to be adopted by Council</p> <p>(MFMA s 21, 23, 23</p>	31 August 2015	Council

ACTIVITY	MAJOR ACTIVITY	TIME FRAME	RESPONSIBILITY
	MSA s 34 ch 4)		
Publicity	Place advertisements in media and strategic public places (sub-council Offices) to invite interested stakeholders to express their interest by submitting contact details to be placed in the database	04 September 2015	AM: IDP/SDF
Analysis	Conduct strategic analysis and review to determine the status of socio-economics, financial, environmental, census data, levels of need and levels of service.	September– October 2015	IDP Task Team
First Stakeholders engagements (Ward Committees)	Public notice – Heidelberg, Ratanda, Vischkuil and Devon Stakeholders Meetings	September – October 2015	AM: IDP/SDF
	Budget offices of municipality determine revenue projections and proposed rate and service charges and drafts initial allocations to functions and departments for the next financial year after taking into account strategic objectives Engages with Provincial and National sector departments on sector specific programmes for alignment with municipalities plans	September 2015	CFO

ACTIVITY	MAJOR ACTIVITY	TIME FRAME	RESPONSIBILITY
	(schools, libraries, clinics, water, electricity, roads, etc)		
Strategies	Align local, National, Provincial and District Strategies. IDP Strategic Retreat	October to November 2015	IDP Task Team
National Policy Review	Accounting officer does initial review of national policies and budget plans and potential price increases of bulk resources with function and department officials MFMA s 35, 36, 42; MTBPS	October 2015	CFO
Alignment	Align strategies for Line Department to be completed to feed into corporate strategic process	November 2015	IDP Task Team
	Accounting officer reviews and drafts initial changes to IDP MSA s 34	November 2015	MM
	Council finalizes tariff (rates and service charges) policies for next financial year MSA s 74, 75 Accounting officer and senior officials consolidate and prepare proposed budget and	December 2015	CFO

ACTIVITY	MAJOR ACTIVITY	TIME FRAME	RESPONSIBILITY
	plans for next financial year taking into account previous years performance as per audited financial statements		
Allocations	Review proposed national and provincial allocations to the municipality for incorporation into the draft budget for tabling (Provincial and national allocation for 3 years must be available by 29 January 2016)	January 2016	CFO
Proposed budgets and plans	Accounting officer finalizes and submits the proposed budgets and plans for next three-year budgets taking into account the recent mid-year review and any corrective measures proposed as part of the oversight report for the previous years audited financial statements and annual report	February 2016	CFO
Notices in preparation for the 2 nd Stakeholders Engagements	Public notice – Heidelberg, Ratanda & Devon Stakeholder's Forum	05/02/2016	AM: IDP/SDF
2 nd Consultation	IDP Task Team	26/01/2016	AM: IDP/SDF

ACTIVITY	MAJOR ACTIVITY	TIME FRAME	RESPONSIBILITY
	IDP/Budget Steering Com	04/02/2016	LEDP and CFO
	Political Forum	11/02/2016	LEDP and CFO
	Stakeholder's Forum – Devon (incl. Vischkuil)	16/02/2016	LEDP and CFO
	Stakeholder's Forum - Ratanda	17/02/2016	LEDP and CFO
	Stakeholder's Forum – Heidelberg (incl. Jameson Park)	18/02/2016	LEDP and CFO
Risk Register Review Workshop	A technical committee comprised by Treasury, HODs and other officials reviews the 2016/2017 strategic risk register.	February 2016	Senior Manager (M & E) /PMS Coordinator
IDP, Budget final drafts approval	<p>Accounting officer publishes tabled budget, plans, and proposed revisions to IDP, invites local community to comment and submits to NT, PT and others as prescribed</p> <p>MFMA s 22 & 37; MSA Ch 5 as amended</p> <p>Accounting officer reviews any changes in prices for bulk resources as communicated by 15 March</p> <p>MFMA s 42</p> <p>Mayor tables municipality draft budget, resolutions, plans, budget related policies and proposed revisions to IDP at least 90 days before start of budget year</p>	29 March 2016	MM/ MAYCO

ACTIVITY	MAJOR ACTIVITY	TIME FRAME	RESPONSIBILITY
	MFMA s 16, 22, 23, 87; MSA s 34		
Consultation on draft IDP and Budget.	<p>Consultation with national and provincial treasuries and finalize sector plans for water, sanitation, electricity etc.</p> <p>MFMA s 21</p> <p>Accounting officer assists the Mayor in revising budget documentation in accordance with consultative processes and taking into account the results from the third quarterly review of the current year</p>	April 2016	LEDP/CFO
Notices in preparation for the 3 rd Stakeholders Engagements	Public notice – Heidelberg, Ratanda & Devon Stakeholder's Forum	08/04/2016	AM: IDP/SDF
3 rd Consultation	IDP Task Team	05/04/2016	AM: IDP/SDF
	IDP/Budget Steering Committee	07/04/2016	LEDP and CFO
	Political Forum	14/04/2016	LEDP and CFO

ACTIVITY	MAJOR ACTIVITY	TIME FRAME	RESPONSIBILITY
	Stakeholder's Forum – Devon (incl. Vischkul)	20/04/2016	LEDP and CFO
	Stakeholder's Forum - Ratanda	21/04/2016	LEDP and CFO
	Stakeholder's Forum – Heidelberg (incl. Jameson Park)	26/04/2016	LEDP and CFO
Budget and IDP approval	<p>Public hearings on the budget, and council debate. Council considers views of the local community, NT, PT, other provincial and national organs of state and municipalities. Mayor to be provided with an opportunity to respond to submissions during consultation and table amendments for council consideration. Council to consider approval of budget and plans at least 30 days before start of budget year.</p> <p>MFMA s 23, 24; MSA Ch 4 as amended</p> <p>Accounting officer assists the Mayor in preparing the final budget documentation for consideration for approval at least 30 days before the start of the budget year taking into account consultative processes and any other new information of a material nature</p> <p>Council must approve annual budget by resolution, setting taxes and tariffs, approving changes to IDP and budget related policies, approving measurable</p>	24 May 2016	MM/ MAYCO

ACTIVITY	MAJOR ACTIVITY	TIME FRAME	RESPONSIBILITY
	<p>performance objectives for revenue by source and expenditure by vote before the start of budget year</p> <p>MFMA s 16, 24, 26, 53</p>		
Letter to MEC	Letter of submission to MEC for Local Government and the District	03 June 2016	MM
SDBIP Approval	<p>Accounting officer submits to the mayor no later than 14 days after approval of the budget a draft of the SDBIP and annual performance agreements required by s 57(1)(b) of the MSA.</p> <p>MFMA s 69; MSA s 57</p> <p>Mayor must approve SDBIP within 28 days after approval of the budget and ensure that annual performance contracts are concluded in accordance with s 57(2) of the MSA. Mayor to ensure that the annual performance agreements are linked to the measurable performance objectives approved with the budget and SDBIP. The mayor makes the SDBIP public within 14 days after approval.</p> <p>MFMA s 53; MSA s 38-45, 57(2)</p> <p>Accounting officers of municipality publishes adopted budget and plans</p>	21 June 2016	MM/ MAYCO

ACTIVITY	MAJOR ACTIVITY	TIME FRAME	RESPONSIBILITY
	<p>MFMA s 75</p> <p>Council must finalize a system of delegations.</p> <p>MFMA s 59, 79, 82; MSA s 59-65</p>		
Performance Agreements	Signing of performance agreements 1 month after SDBIP	July 2016	MM

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the fourth review of the IDP as adopted by Council in May 2006. The IDP started in September 2015 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2016/17 MTREF in August.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2016/17 MTREF, based on the approved 2015/16 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2016/17 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2015/16 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2016/17 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2016/17 MTREF:

- Municipal growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2015/16 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51 and 54 including 70, 71, 72, 75 and 75 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The draft 2016/17 MTREF as tabled before Council on 27 March 2016 for community consultation was published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various libraries.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees were utilised to facilitate the community consultation process from April 2016, and including public briefing sessions. The applicable dates and venues were published in all the local newspapers.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2016/17 MTREF. Feedback and responses to the submissions received are available on request.

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2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the City, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the City strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2016/17 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 23 IDP Strategic Objectives

- Municipal Transformation & Organisational Development
- Basic Service Delivery 3. Local Economic Development
- Municipal Financial Viability & management
- Good governance & Public Participation 6. Cross Cutting Issues

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

The 2016/17 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 29 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand													
Corporate services	Continuously create a conducive environment through the implementation of organisational values and corporate governance principles for the efficient and effective delivery of quality services in fulfilment of the municipal legislative mandate	A1		2 999	4 289	8 282	1 231	2 905	2 905	2 370	2 452	2 539	
	Empowering employees through focused and continuous professional/skills development	A2											
	To ensure effective implementation of performance management	A3											
Infrastructure services	To improve access to sustainable basic services	B1		318 204	351 156	409 591	432 929	452 183	452 183	496 311	544 110	596 883	
	To ensure that services are progressively expanded and maintained in all communities through proper planning	B2											
	To promote sustainable and resilient infrastructure development and land use	B3											
Community services	To improve access to sustainable basic services	B1		12 597	17 531	44 729	22 259	25 788	25 788	68 866	71 034	72 724	
	To ensure that services are progressively expanded and maintained in all communities through proper planning	B2											
	To promote a healthy and safe environment which supports and creates an environmentally educated society	F1											
LED and planning	To promote sustainable and resilient infrastructure development and land use	B3		2 320	3 354	2 990	3 089	1 035	1 035	248	263	279	
	To facilitate growth and development of the local economy , through, amongst other things, partnerships with the private sector in order to generate opportunities for sustainable job creation and poverty reduction for communities	C1											
	To promote a healthy and safe environment which supports and creates an environmentally educated society	F1											
Finance	To manage municipal financial resources in order to ensure financial viability and sustainability of the municipality , and the alignment of the budget with the IDP and SDBIP	D1		118 595	130 390	157 913	169 602	177 371	177 371	192 104	212 661	232 748	
	Sound financial management systems	D2											
Council	To instill good governance principles in all municipal operations including structures to manage risk, prevent fraud and corruption by strengthening compliance, accountability and public participation	E1		4 101	3 645	3 581	4 559	5 042	5 042	6 868	6 696	7 042	
	To foster effective and efficient Inter-Governmental Relations (IGR)	E2											
Allocations to other priorities				2									
Total Revenue (excluding capital transfers and contributions)				1	458 816	510 365	627 086	633 667	664 324	664 324	766 768	837 216	912 216

Table 30 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand													
Corporate services	Continuously create a conducive environment through the implementation of organisational values and corporate governance principles for the efficient and effective delivery of quality services in fulfilment of the municipal legislative mandate	A1		32 193	42 651	52 946	46 781	49 887	49 887	53 558	59 607	67 264	
	Empowering employees through focused and continuous professional/skills development	A2											
	To ensure effective implementation of performance management	A3											
Infrastructure services	To improve access to sustainable basic services	B1		328 778	317 122	381 726	373 673	387 887	387 887	426 713	470 890	508 879	
	To ensure that services are progressively expanded and maintained in all communities through proper planning	B2											
	To promote sustainable amd resilient infrastructure development and land use	B3											
Community services	To improve access to sustainable basic services	B1		45 552	61 120	66 407	73 215	84 315	84 315	126 406	137 013	144 702	
	To ensure that services are progressively expanded and maintained in all communities through proper planning	B2											
	To promote a healthy and safe environment which supports and creates an environmentally educated society	F1											
LED and planning	To promote sustainable amd resilient infrastructure development and land use	B3		9 019	6 090	17 188	7 346	6 964	6 964	5 454	6 214	6 587	
	To facilitate growth and development of the local economy, through, amongst other things, partnerships with the private sector in order to generate opportunities for sustainable job creation and poverty reduction for communities	C1											
	To promote a healthy and safe environment which supports and creates an enviromentally educated society	F1											
Finance	To manage municipal financial resources in order to ensure financial viability and sustainability of the municipality, and the alignment of the budget with the IDP and SDBIP	D1		51 599	47 095	41 832	48 990	51 133	51 133	66 641	71 757	76 308	
	Sound financial management systems	D2											
Council	To instill good governance principles in all municipal operations including structures to manage risk, prevent fraud and corruption by strengthening compliance, accountability and public participation	E1		20 830	31 933	38 184	31 021	39 006	39 006	30 437	33 366	35 288	
	To foster effective and efficient Inter-Governmental Relations (IGR)	E2											
Allocations to other priorities													
Total Expenditure				1	487 971	506 011	598 283	581 027	619 191	619 191	709 209	778 846	839 028

Table 31 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand												
Corporate services	Continuously create a conducive environment through the implementation of organisational values and corporate governance principles for the efficient and effective delivery of quality services in fulfilment of the municipal legislative mandate	A1		–	2 278	1 233	1 850	1 700	1 700	3 300	1 500	2 000
	Empowering employees through focused and continuous professional/skills development	A2										
	To ensure effective implementation of performance management	A3										
Infrastructure services	To improve access to sustainable basic services	B1		47 765	32 130	49 590	45 929	37 515	37 515	46 404	46 457	59 318
	To ensure that services are progressively expanded and maintained in all communities through proper planning	B2										
	To promote sustainable amd resilient infrastructure development and land use	B3										
Community services	To improve access to sustainable basic services	B1		1 713	2 215	3 932	2 470	3 737	3 737	4 907	9 520	9 320
	To ensure that services are progressively expanded and maintained in all communities through proper planning	B2										
	To promote a healthy and safe environment which supports and creates an environmentally educated society	F1										
LED and planning	To promote sustainable amd resilient infrastructure development and land use	B3		955	530	263	–	184	184	1 000	–	–
	To facilitate growth and development of the local economy , through, amongst other things, partnerships with the private sector in order to generate opportunities for sustainable job creation and poverty reduction for communities	C1										
	To promote a healthy and safe environment which supports and creates an environmentally educated society	F1										
Finance	To manage municipal financial resources in order to ensure financial vaibility and sustainability of the municipality , and the alignment of the budget with the IDP and SDBIP	D1		–	–	–	–	–	–	–	–	–
	Sound financial management systems	D2										
Council	To instill good governance principles in all municipal operations including structures to manage risk, prevent fraud and corruption by strengthening compliance, accountability and public participation	E1		110	–	–	1 950	1 950	1 950	1 400	–	–
	To foster effective and efficient Inter-Gov emmental Relations (IGR)	E2										
Allocations to other priorities				3								
Total Capital Expenditure				1	50 543	37 154	55 019	52 199	45 087	45 087	57 011	70 638

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

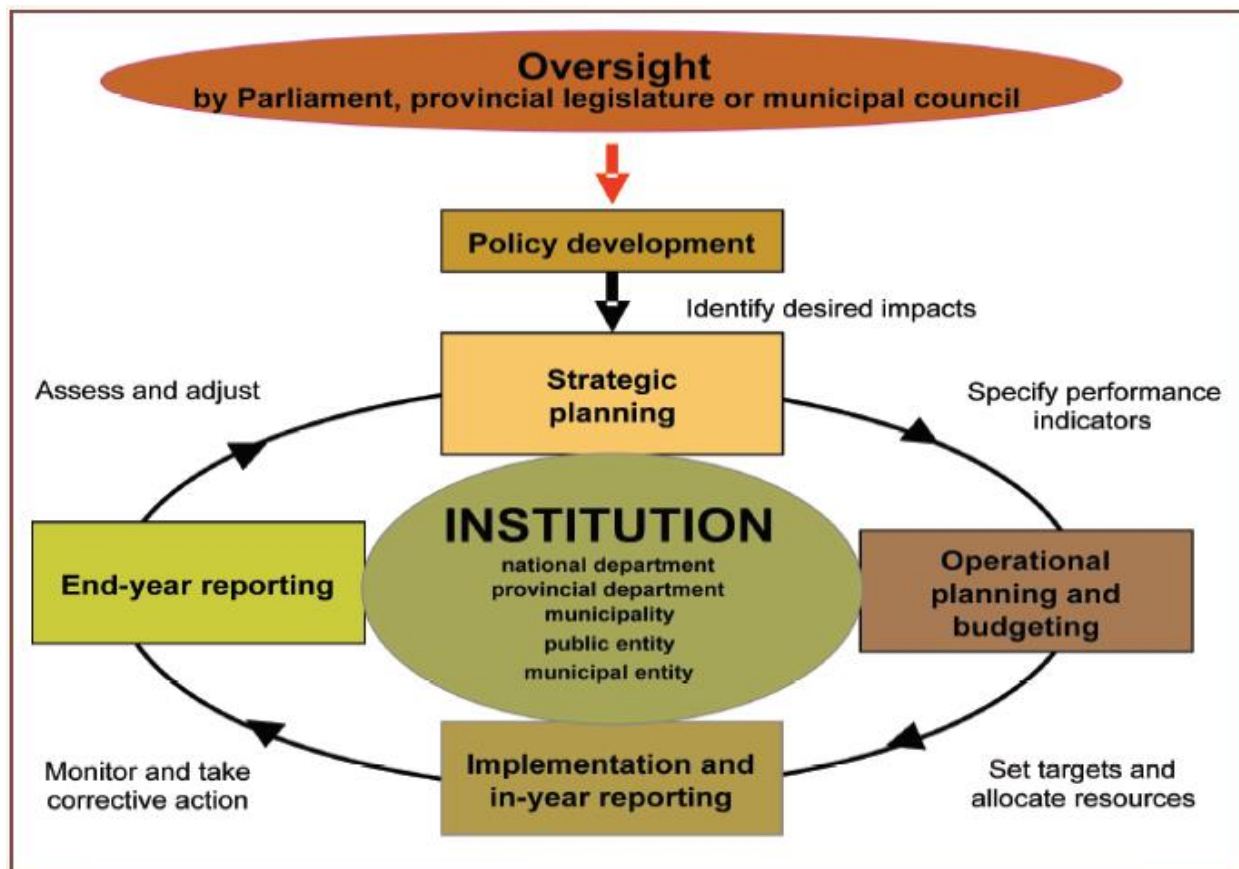


Figure 2 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting

stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

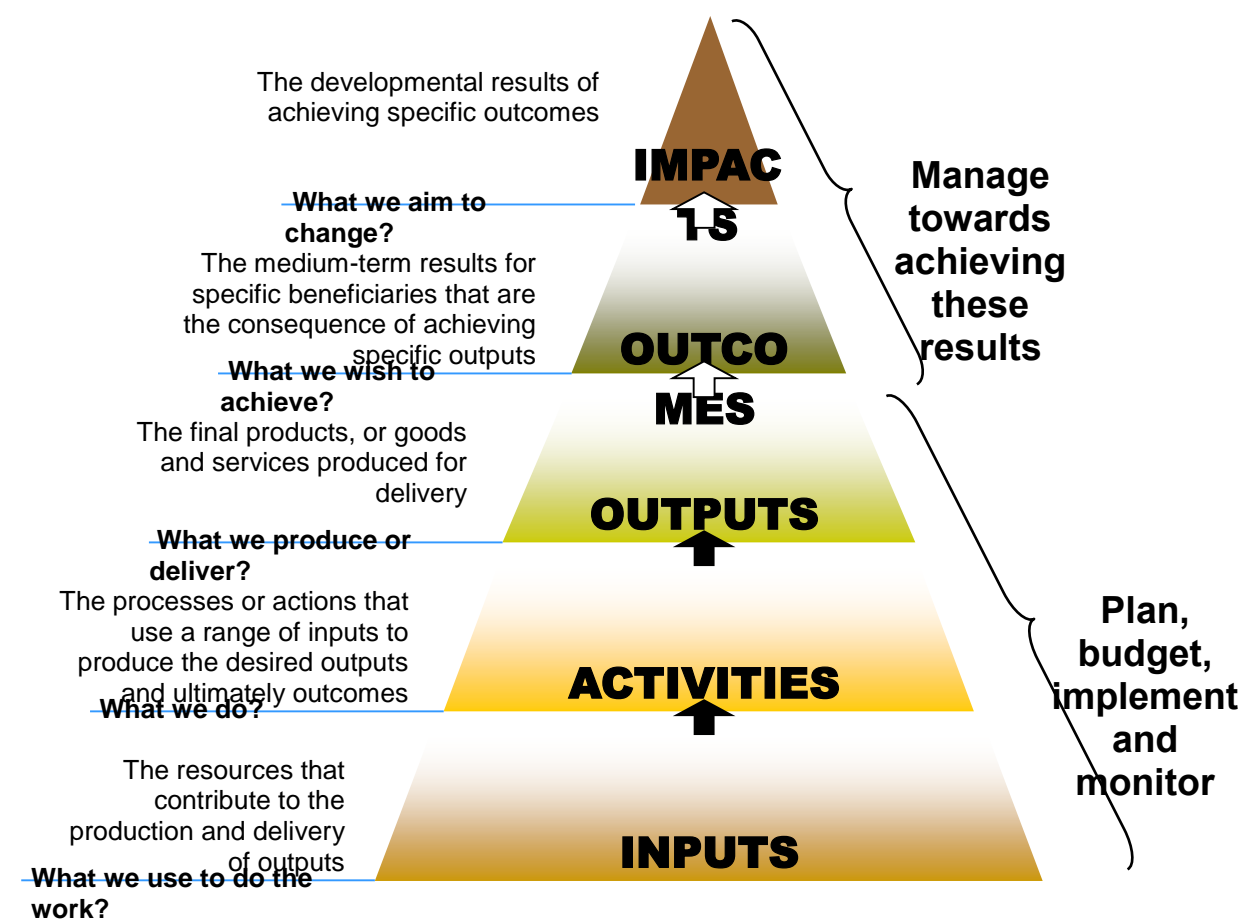


Figure 3 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

The following table sets out the municipalities main performance objectives and benchmarks for the 2011/12 MTREF.

Table 24 MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2.8%	1.9%	2.4%	1.5%	2.2%	2.2%	0.0%	1.9%	1.8%	1.9%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	3.7%	2.4%	3.0%	1.8%	2.6%	2.6%	0.0%	2.2%	2.1%	2.1%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	0.6	0.7	0.6	0.9	0.8	0.8	–	0.6	0.6	0.6
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.6	0.7	0.6	0.9	0.8	0.8	–	0.6	0.6	0.6
Liquidity Ratio	Monetary Assets/Current Liabilities	0.1	0.1	0.1	0.3	0.1	0.1	–	0.0	0.0	0.1
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		98.6%	88.4%	98.0%	83.2%	80.0%	80.0%	0.0%	79.5%	80.3%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		98.6%	88.4%	98.0%	83.2%	80.0%	80.0%	0.0%	79.5%	80.3%	80.6%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	10.6%	14.5%	16.9%	8.7%	16.1%	16.1%	0.0%	12.1%	11.1%	11.1%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))										
Creditors to Cash and Investments		500.9%	970.4%	542.5%	195.9%	470.4%	470.4%	0.0%	1036.1%	877.9%	618.1%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	21.1%	21.0%	22.6%	23.0%	22.2%	22.2%	0.0%	21.3%	22.5%	21.9%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	22.8%	22.7%	24.0%	24.4%	23.7%	23.7%		22.7%	23.8%	23.2%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	5.7%	3.7%	4.9%	4.3%	4.2%	4.2%		4.1%	4.7%	5.1%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	9.8%	9.2%	9.3%	7.3%	8.4%	8.4%	0.0%	7.2%	6.8%	6.3%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	31.7	27.7	44.2	47.4	47.4	47.4	–	38.8	38.7	42.0
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services (Available cash + Investments)/monthly fixed operational expenditure	12.9%	18.2%	22.7%	10.9%	19.9%	19.9%	0.0%	15.7%	14.4%	14.4%
iii. Cost coverage		0.4	0.2	0.5	0.5	0.2	0.2	–	0.1	0.1	0.1

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Lesedi Local Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2016/17 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality.
- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing.

2.3.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, and overdraft and tax provisions as a percentage of funds and reserves.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves.

2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1.

2.3.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

- The budget is compiled based on a 79.5% collection rate. The debt collection and credit control policy is being implemented on an ongoing basis and debt older than 90 days are handed over to the external debt collectors for legal collections.

2.3.1.5 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice.

2.3.1.6 Other Indicators

- The electricity distribution losses have been consistent over 2013/14 and 2014/15. In addition, the municipality is implementing programmes on an ongoing basis to reduce these losses.
- The water distribution losses have been significantly increase from 22% in 2013/14 to 24% in 2014/15. This was caused by an increase in water leakage.
- Employee costs as a percentage of operating revenue continues to increase over the MTREF.
- Repairs and maintenance as percentage of operating revenue is increasing as part of the municipality's approach to increase repairs and maintenance expenditure to protect its assets

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

In terms of the Municipality's indigent policy registered households are entitled to 6kl free water, 50 kwh of electricity, 6 kl sanitation and free waste removal equivalent to 85ℓ once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 38.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

2.3.3 Providing clean water and managing waste water

The Municipality is the Water Services Authority in terms of the Water Services Act, 1997 and acts as water services provider. The Municipality's bulk water needs are provided directly by Rand Water in the form of purified water

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

2.4 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.4.1 Review of procedures/policies

The Budget Related Policies have been reviewed as part of the compilation of the Medium Term Revenue and Expenditure Framework for the 2016/2017 – 2018/2019 period. The Budget related policies will be approved by Council in May 2016. While the adopted policies were credible, sustainable, manageable and informed by affordability and value for money, the policies were reviewed as part of the budget compilation as required by the Municipal Budget and Reporting regulations.

Schedule of Changes to policies Policy Change Yes/No	Change Yes or No
Rates Policy	Yes
Tariff Policy	Yes
Funding and Reserves Policy	Yes
Virement Policy	Yes
Credit Control and Debt Collection Policy	Yes
Accounts payable and Cash Management Policy	Yes
Investment Policy	Yes
Borrowing Policy	Yes
Budget Policy	Yes
Municipal Supply Chain Management Policy	Yes
Fixed Asset Management Policy	Yes
Short-term insurance claims management Policy	Yes
Indigents Policy	Yes
Inventory	Yes
Grants Policy	Yes
Unauthorised, Irregular, Fruitless and Wasteful Expenditure Policy	Yes

2.5 Overview of budget assumptions

2.5.1 External factors

The budget policy framework for the next three years is designed to manage risk in a constrained fiscal environment, while building a foundation for economic growth. The National Treasury

MTBPS highlights that South Africa's economic performance has deteriorated over the past several years.

GDP growth is projected to improve over the medium term as infrastructure constraints ease, private investment recovers and exports grow. Economic growth is expected to rise gradually over the medium term...

This trend reflects a confluence of unfavourable global and domestic circumstances which impact on all spheres of government. Inflation and a nominal spending ceiling will put real budgets under pressure over the medium term, requiring LLM to work more efficiently.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2016/17 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Municipal residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The Increase in the cost of remuneration

2.5.3 Credit rating outlook

Table 25 Credit rating outlook

2.5.4 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The Municipality will take up HP agreements in the 2016/17 – 2018/19 MTREF period requiring both regular principal and interest payments.

2.5.5 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (79.5%) of annual billings. Cash flow is assumed to be 79.5% of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.5.6 Growth or decline in tax base of the municipality

Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.5.7 Salary increases

The collective agreement regarding salaries/wages came into operation on 1 July 2016 and shall remain in force until 30 June 2017. Year three is an across the board increase of 7%.

2.5.8 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.5.9 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2016/17 MTREF of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 26 Breakdown of the operating revenue over the medium-term

Description	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2016/17	%	Budget Year +1 2017/18	%	Budget Year +2 2018/19	%
R thousand								
Revenue By Source								
Property rates	90 891	8%	98 270	8%	105 671	8%	113 744	8%
Property rates - penalties & collection charges	–	0%	–	0%	–	0%	–	0%
Service charges - electricity revenue	256 124	18%	288 970	13%	311 043	8%	334 797	8%
Service charges - water revenue	98 914	41%	110 353	12%	124 589	13%	140 661	13%
Service charges - sanitation revenue	23 116	12%	25 317	10%	28 582	13%	32 269	13%
Service charges - refuse revenue	28 384	11%	30 193	6%	32 307	7%	34 568	7%
Service charges - other	1 150	0%	1 217	6%	1 291	6%	1 368	6%
Rental of facilities and equipment	3 936	12%	4 331	10%	4 591	6%	4 867	6%
Interest earned - external investments	1 200	16%	1 000	-17%	1 060	6%	1 124	6%
Interest earned - outstanding debtors	13 386	28%	13 700	2%	14 522	6%	15 393	6%
Dividends received	–	0%	–	0%	–	0%	–	0%
Fines	5 664	-81%	46 516	721%	48 144	4%	49 829	4%
Licences and permits	32	-23%	62	95%	66	6%	70	6%
Agency services	–	0%	–	0%	–	0%	–	0%
Transfers recognised - operational	94 786	12%	103 606	9%	115 615	12%	127 165	10%
Other revenue	3 728	-81%	2 880	-23%	3 583	24%	3 798	6%
Gains on disposal of PPE	–	0%	–	0%	–	0%	–	0%
Total Revenue (excluding capital transfers and contributions)	621 312	9%	728 065	17%	790 763	9%	860 064	9%

Figure 4 Breakdown of operating revenue over the 2011/12 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the city and economic development;
- Revenue management and enhancement;
- Achievement of a 79.5% annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2016/17 MTREF on the different revenue categories are:

Table 27 Proposed tariff increases over the medium-term

SERVICES INCOME INCREASES	BASIS OF PROJECTION	2016/17	2017/18	2018/19
Tariff increases				
Property rates	Based on salary increases	7.00%	7.00%	7.00%
Electricity	NERSA	7.64%	12.00%	12.00%
Refuse Removal	Based on salary increases	7.00%	7.00%	7.00%
Sewerage	Based on salary increases	7.00%	7.00%	7.00%
Water	Rand Water	11.90%	9.00%	9.00%

No investments are projected for the MTREF.

The tables below provide detail investment information and investment particulars by maturity.

Table 28 MBRR SA15 – Detail Investment Information

GT423 Lesedi - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	-	-	-	-	-	-	-	-	-
Entities										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		-	-	-	-	-	-	-	-	-

Table 29 MBRR SA16 – Investment particulars by maturity

GT423 Lesedi - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3.	Commission Paid (Rands)	Commission Recipient	Expiry date of investment
Name of institution & investment ID	1	Yrs/Months							
Parent municipality									
Municipality sub-total									
Entities									
Entities sub-total									
TOTAL INVESTMENTS AND INTEREST	1								

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2016/17 medium-term capital programme:

Table 30 Sources of capital revenue over the MTREF

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Funded by:											
National Government		19 045	27 399	36 260	34 629	34 515	34 515	–	31 204	36 957	43 318
Provincial Government		1 284	454	15 858	1 470	1 872	1 872	–	3 407	8 170	8 170
District Municipality		54	39	–	–	1 049	1 049	–	–	–	–
Other transfers and grants		–	184	79	–	–	–	–	–	–	–
Transfers recognised - capital	4	20 383	28 075	52 198	36 099	37 437	37 437	–	34 611	45 127	51 488
Public contributions & donations	5	–	–	–	–	–	–	–	–	–	–
Borrowing	6	–	–	–	–	–	–	–	–	–	–
Internally generated funds		30 160	9 079	2 821	16 100	7 650	7 650	–	22 400	12 350	19 150
Total Capital Funding	7	50 543	37 154	55 019	52 199	45 087	45 087	–	57 011	57 477	70 638

Table 31 MBRR Table SA 17 - Detail of borrowings**GT423 Lesedi - Supporting Table SA17 Borrowing**

Borrowing - Categorised by type R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Parent municipality										
Long-Term Loans (annuity/reducing balance)		67 881	65 057	65 063	65 063	65 057	61 994	58 637	55 266	51 255
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	67 881	65 057	65 063	65 063	65 057	61 994	58 637	55 266	51 255
Entities										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Borrowing	1	67 881	65 057	65 063	65 063	65 057	61 994	58 637	55 266	51 255

Figure 5 Growth in outstanding borrowing (long-term liabilities)

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation, as discussed below.

Table 32 MBRR Table SA 18 - Capital transfers and grant receipts

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital Transfers and Grants									
National Government:	28 070	32 799	43 037	34 629	34 515	34 515	31 204	36 957	43 318
Municipal Infrastructure Grant (MIG)	28 070	26 649	36 037	25 629	29 115	29 115	25 204	26 957	28 318
Integrated National Electrification Programme	–	6 150	7 000	9 000	5 400	5 400	6 000	10 000	15 000
Other capital transfers/grants [insert desc]									
Provincial Government:	460	1 194	15 210	5 970	6 688	6 688	8 170	8 170	8 170
Environmental Quality Management	–	–	490	–	488	488	–	–	–
Human Settlement Grant	–	–	13 700	–	–	–	–	–	–
Recapitalization of Community Libraries Grant	460	1 194	1 020	5 970	6 200	6 200	8 170	8 170	8 170
District Municipality:	–	–	–	–	809	809	–	–	–
Sportfield- Kwa-zenzele	–	–	–	–	809	809	–	–	–
Other grant providers:	–	–	–	–	–	–	–	–	–
[insert description]									
Total Capital Transfers and Grants	28 530	33 993	58 247	40 599	42 012	42 012	39 374	45 127	51 488

2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 33 MBRR Table A7 - Budget cash flow statement

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		–	–	76 222	71 041	72 712	72 712	–	77 634	83 480	90 995
Service charges		350 304	334 355	333 927	324 115	326 351	326 351	–	362 785	401 100	438 601
Other revenue		–	–	24 610	12 148	10 688	10 688	–	14 251	15 461	16 351
Government - operating	1	80 737	86 415	85 428	101 503	94 299	94 299	–	103 606	115 615	127 165
Government - capital	1	20 317	24 950	59 667	35 629	43 124	43 124	–	40 374	46 177	52 588
Interest		5 720	8 946	11 521	7 888	7 409	7 409	–	11 275	12 678	13 438
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		(385 027)	(413 010)	(511 326)	(398 885)	(504 152)	(504 152)	–	(547 016)	(606 862)	(655 679)
Finance charges		(7 028)	(7 016)	(11 478)	(5 851)	(5 851)	(5 851)	–	(5 573)	(5 907)	(6 262)
Transfers and Grants	1	–	–	–	(76 921)	–	–	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		65 022	34 639	68 570	70 667	44 581	44 581	–	57 334	61 742	77 198
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		(126)	(1 073)	–	–	–	–	–	–	–	–
Decrease (Increase) in non-current debtors		–	–	–	–	–	–	–	–	–	–
Decrease (increase) other non-current receivables		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–	–	–	–
Payments											
Capital assets		(50 543)	(37 154)	(55 019)	(52 199)	(52 287)	(52 287)	–	(57 011)	(57 477)	(70 638)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(50 670)	(38 227)	(55 019)	(52 199)	(52 287)	(52 287)	–	(57 011)	(57 477)	(70 638)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–	–	–	–
Payments											
Repayment of borrowing		(6 512)	(2 596)	(2 823)	(3 063)	(3 063)	(3 063)	–	(3 357)	(3 372)	(4 010)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(6 512)	(2 596)	(2 823)	(3 063)	(3 063)	(3 063)	–	(3 357)	(3 372)	(4 010)
NET INCREASE/ (DECREASE) IN CASH HELD		7 840	(6 184)	10 728	15 405	(10 769)	(10 769)	–	(3 033)	893	2 549
Cash/cash equivalents at the year begin:	2	6 592	14 432	8 248	5 985	18 976	18 976	–	8 207	5 174	6 067
Cash/cash equivalents at the year end:	2	14 432	8 248	18 976	21 390	8 207	8 207	–	5 174	6 067	8 616

2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 34 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	14 432	8 248	18 976	21 390	8 207	8 207	-	5 174	6 067	8 616
Other current investments > 90 days		0	0	-	(0)	0	0	-	0	(0)	(0)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		14 432	8 248	18 976	21 390	8 208	8 208	-	5 174	6 067	8 616
Application of cash and investments											
Unspent conditional transfers		11 574	2 111	(683)	-	(1 448)	(1 448)	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	27 784	21 446	16 519	(863)	(39 255)	(39 255)	-	(10 449)	(11 669)	(17 780)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		39 357	23 557	15 836	(863)	(40 704)	(40 704)	-	(10 449)	(11 669)	(17 780)
Surplus(shortfall)		(24 925)	(15 309)	3 140	22 252	48 911	48 911	-	15 623	17 736	26 396

From the above table it can be seen that the budget for the MTREF period is funded as per the funding and reserves policy of the Municipality. Kindly note that the above figures includes working capital:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year.
- Provisions for statutory requirements include the capital replacement reserve, the leave accrual, consumer deposits and retentions held.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. Working capital is calculated as the difference between net debtors (i.e. after provision for non-payment) and creditors.

2.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding

compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 35 MBRR SA10 – Funding compliance measurement

Description	MFMA section	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	14 432	8 248	18 976	21 390	8 207	8 207	–	5 174	6 067	8 616
Cash + investments at the yr end less applications - R'000	18(1)b	2	(24 925)	(15 309)	3 140	22 252	48 911	48 911	–	15 623	17 736	26 396
Cash year end/monthly employee/supplier payments	18(1)b	3	0.4	0.2	0.5	0.5	0.2	0.2	–	0.1	0.1	0.1
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(29 154)	4 354	28 803	52 640	45 133	45 133	–	57 559	58 370	73 187
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	0.5%	4.6%	7.5%	(1.0%)	(6.0%)	(106.0%)	5.2%	2.9%	2.9%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	96.2%	84.6%	90.1%	82.0%	78.0%	78.0%	0.0%	73.1%	74.1%	74.6%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	23.1%	15.5%	18.1%	12.9%	12.6%	12.6%	0.0%	19.9%	19.6%	19.6%
Capital payments % of capital expenditure	18(1)c,(19)	8	100.0%	100.0%	100.0%	100.0%	116.0%	116.0%	0.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Gov't legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	49.7%	38.5%	(45.7%)	91.5%	0.0%	(100.0%)	(12.2%)	0.0%	8.7%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	4.5%	3.2%	4.7%	4.2%	4.0%	4.0%	0.0%	4.2%	5.0%	5.5%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	10.5%	1.3%	21.1%	3.3%	3.3%	0.0%	8.8%	16.5%	18.4%

2.6.5.1 Cash/cash equivalent position

The City's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

2.6.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.6.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts.

2.6.5.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.6.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 – 6%). The result is intended to be an approximation of the real increase in revenue.

2.6.5.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget

2.6.5.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues.

2.6.5.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 2 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

2.6.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded.

2.6.5.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100% could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The City has budgeted for all transfers.

2.6.5.11 Consumer debtors change (Current and Non-current)

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtors accounts within 30 days.

2.6.5.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance is contained in Table 60 MBRR SA34C.

2.6.5.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 54 MBRR SA34b.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 36 MBRR SA19 - Expenditure on transfers and grant programmes

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		67 926	67 443	75 298	88 378	86 521	86 521	96 199	107 452	119 451
Local Government Equitable Share		64 676	64 253	71 665	82 794	82 794	82 794	92 186	104 537	116 468
Finance Management		1 250	1 300	1 430	1 450	1 450	1 450	1 475	1 550	1 550
Municipal Systems Improvement		1 000	890	934	930	930	930	1 300	1 365	1 433
EPWP Incentive		1 000	1 000	1 269	1 347	1 347	1 347	1 238	-	-
Municipal demarcation transition grant		-	-	-	1 857	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]		-	-	-	-	-	-	-	-	-
Provincial Government:		5 547	7 834	9 990	3 168	2 274	2 274	2 000	2 350	1 600
Health subsidy		1 591	2 287	2 056	-	-	-	-	-	-
Sport and Recreation		2 310	2 447	5 004	500	500	500	500	800	500
Agriculture		1 646	1 300	1 430	1 168	-	-	-	-	-
GRAP 17 Compliance Grant		-	-	1 000	1 000	1 000	1 000	1 000	1 050	1 100
EPWP Cogla		-	-	500	500	500	500	500	500	-
Promulgation of Municipal spatial Planning		-	-	-	-	274	274	-	-	-
Other transfers/grants		-	1 800	-	-	-	-	-	-	-
District Municipality:		3 277	3 106	3 490	4 987	5 491	5 491	5 407	5 863	6 214
Health subsidy		3 277	3 106	3 490	4 987	5 030	5 030	5 407	5 863	6 214
Bontle ke Botho		-	-	-	-	461	461	-	-	-
Other grant providers:		345	4 268	1 493	-	1 500	1 500	1 000	1 000	1 000
LG Seta		345	4 268	1 493	-	1 500	1 500	1 000	1 000	1 000
Total operating expenditure of Transfers and Grants		77 096	82 652	90 271	96 533	95 786	95 786	104 606	116 665	128 265
Capital expenditure of Transfers and Grants										
National Government:		28 070	32 799	43 037	34 629	34 515	34 515	31 204	36 957	43 318
Municipal Infrastructure Grant (MIG)		28 070	26 649	36 037	25 629	29 115	29 115	25 204	26 957	28 318
Integrated National Electrification Programme		-	6 150	7 000	9 000	5 400	5 400	6 000	10 000	15 000
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert desc]		-	-	-	-	-	-	-	-	-
Provincial Government:		460	1 194	15 210	5 970	6 688	6 688	8 170	8 170	8 170
Environmental Quality Management		-	-	490	-	488	488	-	-	-
Human Settlement Grant		-	-	13 700	-	-	-	-	-	-
Recapitalization of Community Libraries Grant		460	1 194	1 020	5 970	6 200	6 200	8 170	8 170	8 170
District Municipality:		-	-	-	-	809	809	-	-	-
Sportfield- Kwa-zenzele		-	-	-	-	809	809	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert desc]		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		28 530	33 993	58 247	40 599	42 012	42 012	39 374	45 127	51 488
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		105 626	116 645	148 518	137 132	137 798	137 798	143 980	161 792	179 753

Table 37 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		–	324	78	–	–	–	–	–	–
Current year receipts		68 250	67 198	75 220	88 378	86 521	86 521	96 199	107 452	119 451
Conditions met - transferred to revenue		67 926	67 444	75 298	88 378	86 521	86 521	96 199	107 452	119 451
Conditions still to be met - transferred to liabilities		324	78	–	–	–	–	–	–	–
Provincial Government:										
Balance unspent at beginning of the year		444	692	917	–	–	–	–	–	–
Current year receipts		5 795	7 142	9 073	3 168	2 274	2 274	2 000	2 350	1 600
Conditions met - transferred to revenue		5 547	7 834	9 990	3 168	2 274	2 274	2 000	2 350	1 600
Conditions still to be met - transferred to liabilities		692	–	–	–	–	–	–	–	–
District Municipality:										
Balance unspent at beginning of the year		–	–	–	–	461	461	–	–	–
Current year receipts		3 277	3 106	3 490	4 987	5 030	5 030	5 407	5 863	6 214
Conditions met - transferred to revenue		3 277	3 106	3 490	4 987	5 491	5 491	5 407	5 863	6 214
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
Other grant providers:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		345	4 268	1 493	–	1 500	1 500	1 000	1 000	1 000
Conditions met - transferred to revenue		345	4 268	1 493	–	1 500	1 500	1 000	1 000	1 000
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
Total operating transfers and grants revenue		77 095	82 652	90 271	96 533	95 786	95 786	104 606	116 665	128 265
Total operating transfers and grants - CTBM	2	1 016	78	–	–	–	–	–	–	–
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		–	–	9 875	–	3 486	3 486	–	–	–
Current year receipts		28 070	42 674	33 162	34 629	31 029	31 029	31 204	36 957	43 318
Conditions met - transferred to revenue		28 070	32 799	39 551	34 629	34 515	34 515	31 204	36 957	43 318
Conditions still to be met - transferred to liabilities		–	9 875	3 486	–	–	–	–	–	–
Provincial Government:										
Balance unspent at beginning of the year		–	–	716	–	488	488	–	–	–
Current year receipts		460	1 910	18 469	5 970	6 200	6 200	8 170	8 170	8 170
Conditions met - transferred to revenue		460	1 194	18 696	5 970	6 688	6 688	8 170	8 170	8 170
Conditions still to be met - transferred to liabilities		–	716	488	–	–	–	–	–	–
District Municipality:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		–	–	–	–	809	809	–	–	–
Conditions met - transferred to revenue		–	–	–	–	809	809	–	–	–
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
Other grant providers:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		–	–	–	–	–	–	–	–	–
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
Total capital transfers and grants revenue		28 530	33 993	58 247	40 599	42 012	42 012	39 374	45 127	51 488
Total capital transfers and grants - CTBM	2	–	10 591	3 974	–	–	–	–	–	–
TOTAL TRANSFERS AND GRANTS REVENUE		105 625	116 645	148 518	137 132	137 798	137 798	143 980	161 792	179 753
TOTAL TRANSFERS AND GRANTS - CTBM		1 016	10 669	3 974	–	–	–	–	–	–

2.8 Councillor and employee benefits

Table 38 MBRR SA22 - Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		4 211	7 840	4 583	4 849	5 237	5 237	5 578	5 940	6 255
Pension and UIF Contributions		630		719	761	786	786	837	891	938
Medical Aid Contributions		360		409	433	468	468	499	531	559
Motor Vehicle Allowance		1 648		1 900	2 010	2 169	2 169	2 310	2 461	2 591
Cellphone Allowance		385		557	589	543	543	578	615	648
Housing Allowances		111		17	18	17	17	18	20	21
Other benefits and allowances		—		—	—	—	—	—	—	—
Sub Total - Councillors		7 345	7 840	8 185	8 660	9 220	9 220	9 819	10 458	11 012
% increase	4		6.7%	4.4%	5.8%	6.5%	—	6.5%	6.5%	5.3%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		2 999	4 327	5 324	5 109	5 109	5 109	5 144	5 535	5 933
Pension and UIF Contributions		367	146	200	412	412	412	420	452	484
Medical Aid Contributions		81	—	79	91	91	91	86	92	99
Overtime		—	—	—	—	—	—	—	—	—
Performance Bonus		285	—	—	—	—	—	—	—	—
Motor Vehicle Allowance	3	775	874	1 099	1 284	1 284	1 284	1 302	1 401	1 502
Cellphone Allowance	3	—	—	—	13	13	13	12	13	14
Housing Allowances	3	—	—	—	76	76	76	72	77	83
Other benefits and allowances	3	—	85	—	—	—	—	—	—	—
Payments in lieu of leave	3	—	—	—	—	—	—	—	—	—
Long service awards	3	—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations	6	—	—	—	—	—	—	—	—	—
Sub Total - Senior Managers of Municipality		4 508	5 431	6 701	6 985	6 985	6 985	7 035	7 570	8 115
% increase	4		20.5%	23.4%	4.2%	—	—	0.7%	7.6%	7.2%
Other Municipal Staff										
Basic Salaries and Wages		54 379	66 071	75 554	97 464	98 220	98 220	107 400	124 287	131 497
Pension and UIF Contributions		13 091	12 963	19 732	19 501	18 745	18 745	20 670	23 789	25 233
Medical Aid Contributions		5 569	5 182	8 666	4 198	4 330	4 330	7 140	8 252	8 747
Overtime		4 564	4 786	4 854	2 753	3 267	3 267	2 902	3 123	3 348
Performance Bonus		—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance	3	1 281	4 252	1 240	4 149	4 149	4 149	4 425	4 761	5 104
Cellphone Allowance	3	74	1	103	1	1	1	1	1	1
Housing Allowances	3	390	293	692	378	378	378	407	437	469
Other benefits and allowances	3	7 359	63	9 160	188	586	586	1 835	1 975	2 117
Payments in lieu of leave		1 479	828	1 700	1 753	1 088	1 088	3 023	3 494	3 704
Long service awards		—	307	—	55	55	55	—	—	—
Post-retirement benefit obligations	6	—	—	—	—	—	—	—	—	—
Sub Total - Other Municipal Staff		88 186	94 747	121 702	130 441	130 818	130 818	147 802	170 119	180 219
% increase	4		7.4%	28.4%	7.2%	0.3%	—	13.0%	15.1%	5.9%
Total Parent Municipality		100 039	108 018	136 588	146 085	147 023	147 023	164 657	188 146	199 345

Table 39 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4		372 373	88 755	176 666			637 794
Chief Whip			-	-	-			-
Executive Mayor			462 432	111 998	215 056			789 486
Deputy Executive Mayor			-	-	-			-
Executive Committee			1 402 132	298 252	687 030			2 387 414
Total for all other councillors			2 611 568	694 358	1 539 428			4 845 354
Total Councillors	8	-	4 848 505	1 193 363	2 618 180			8 660 048
Senior Managers of the Municipality	5							
Municipal Manager (MM)			1 280 068	1 888	269 387	-		1 551 343
Chief Finance Officer			1 129 385	1 888	112 994	-		1 244 267
Executive Manager: Corporate Services			630 707	140 644	288 480	-		1 059 831
Executive Manager: Community Services			761 410	24 273	274 148	-		1 059 831
Executive Manager: Infrastructure Services			644 939	148 872	266 020	-		1 059 831
Executive Manager: Development and Planning			697 125	187 849	174 857	-		1 059 831
List of each official with packages >= senior manager								
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
Total Senior Managers of the Municipality	8,10	-	5 143 634	505 414	1 385 886	-		7 034 934
A Heading for Each Entity	6,7							
List each member of board by designation								
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
Total for municipal entities	8,10	-	-	-	-	-		-
TOTAL COST OF COUNCILLOR, DIRECTOR AND EXECUTIVE REMUNERATION	10	-	9 992 139	1 698 777	4 004 066	-		15 694 982

Table 40 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers	Ref	2014/15			Current Year 2015/16			Budget Year 2016/17		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		26	–	26	26	–	26	26	–	26
Board Members of municipal entities	4	–	–	–	–	–	–	–	–	–
Municipal employees	5									
Municipal Manager and Senior Managers	3	6	–	6	6	–	6	6	–	6
Other Managers	7	24	18	1	24	18	1	24	18	1
Professionals		111	90	5	111	90	5	111	90	5
Finance		21	14	5	21	14	5	21	14	5
Spatial/town planning		16	15	–	16	15	–	16	15	–
Information Technology		2	1	–	2	1	–	2	1	–
Roads		6	6	–	6	6	–	6	6	–
Electricity		9	3	–	9	3	–	9	3	–
Water		7	4	–	7	4	–	7	4	–
Sanitation		–	–	–	–	–	–	–	–	–
Refuse		–	–	–	–	–	–	–	–	–
Other		50	47	–	50	47	–	50	47	–
Technicians		87	75	2	87	75	2	87	75	2
Finance		7	7	2	7	7	2	7	7	2
Spatial/town planning		6	5	–	6	5	–	6	5	–
Information Technology		6	1	–	6	1	–	6	1	–
Roads		–	–	–	–	–	–	–	–	–
Electricity		9	7	–	9	7	–	9	7	–
Water		4	4	–	4	4	–	4	4	–
Sanitation		–	–	–	–	–	–	–	–	–
Refuse		3	3	–	3	3	–	3	3	–
Other		52	48	–	52	48	–	52	48	–
Clerks (Clerical and administrative)		90	85	–	90	85	–	90	85	–
Service and sales workers		–	–	–	–	–	–	–	–	–
Skilled agricultural and fishery workers		–	–	–	–	–	–	–	–	–
Craft and related trades		–	–	–	–	–	–	–	–	–
Plant and Machine Operators		70	66	–	70	66	–	70	66	–
Elementary Occupations		160	147	–	160	147	–	160	147	–
TOTAL PERSONNEL NUMBERS	9	574	481	40	574	481	40	574	481	40
% increase					–	–	–	–	–	–
Total municipal employees headcount	6, 10									
Finance personnel headcount	8, 10									
Human Resources personnel headcount	8, 10									

2.9 Monthly targets for revenue, expenditure and cash flow

Table 41 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand																
Revenue By Source																
Property rates		8 189	8 189	8 189	8 189	8 189	8 189	8 189	8 189	8 189	8 189	8 189	8 189	98 270	105 671	113 744
Property rates - penalties & collection charges		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges - electricity revenue		24 081	24 081	24 081	24 081	24 081	24 081	24 081	24 081	24 081	24 081	24 081	24 081	288 970	311 043	334 797
Service charges - water revenue		9 196	9 196	9 196	9 196	9 196	9 196	9 196	9 196	9 196	9 196	9 196	9 196	110 353	124 589	140 661
Service charges - sanitation revenue		2 110	2 110	2 110	2 110	2 110	2 110	2 110	2 110	2 110	2 110	2 110	2 110	25 317	28 582	32 269
Service charges - refuse revenue		2 516	2 516	2 516	2 516	2 516	2 516	2 516	2 516	2 516	2 516	2 516	2 516	30 193	32 307	34 568
Service charges - other		101	101	101	101	101	101	101	101	101	101	101	101	1 217	1 291	1 368
Rental of facilities and equipment		361	361	361	361	361	361	361	361	361	361	361	361	4 331	4 591	4 867
Interest earned - external investments		83	83	83	83	83	83	83	83	83	83	83	83	1 000	1 060	1 124
Interest earned - outstanding debtors		1 142	1 142	1 142	1 142	1 142	1 142	1 142	1 142	1 142	1 142	1 142	1 142	13 700	14 522	15 393
Dividends received		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Fines		3 876	3 876	3 876	3 876	3 876	3 876	3 876	3 876	3 876	3 876	3 876	3 876	46 516	48 144	49 829
Licences and permits		5	5	5	5	5	5	5	5	5	5	5	5	62	66	70
Agency services		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers recognised - operational		8 634	8 634	8 634	8 634	8 634	8 634	8 634	8 634	8 634	8 634	8 634	8 634	103 606	115 615	127 165
Other revenue		240	240	240	240	240	240	240	240	240	240	240	240	2 880	3 583	3 798
Gains on disposal of PPE		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		60 535	60 535	60 535	60 535	60 535	60 535	60 535	60 535	60 535	60 535	60 535	60 535	726 416	791 062	859 652
Expenditure By Type																
Employee related costs		12 903	12 903	12 903	12 903	12 903	12 903	12 903	12 903	12 903	12 903	12 903	12 903	154 837	177 689	188 333
Remuneration of councillors		818	818	818	818	818	818	818	818	818	818	818	818	9 819	10 458	11 012
Debt impairment		9 170	9 170	9 170	9 170	9 170	9 170	9 170	9 170	9 170	9 170	9 170	9 170	110 039	118 291	128 809
Depreciation & asset impairment		3 484	3 484	3 484	3 484	3 484	3 484	3 484	3 484	3 484	3 484	3 484	3 484	41 808	42 726	42 915
Finance charges		864	864	864	864	864	864	864	864	864	864	864	864	10 368	10 990	11 649
Bulk purchases		21 913	21 913	21 913	21 913	21 913	21 913	21 913	21 913	21 913	21 913	21 913	21 913	262 961	286 315	311 522
Other materials		2 210	2 210	2 210	2 210	2 210	2 210	2 210	2 210	2 210	2 210	2 210	2 210	26 516	33 545	40 037
Contracted services		53	53	53	53	53	53	53	53	53	53	53	53	636	674	715
Transfers and grants		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other expenditure		7 687	7 687	7 687	7 687	7 687	7 687	7 687	7 687	7 687	7 687	7 687	7 687	92 247	98 182	104 060
Loss on disposal of PPE		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Expenditure		59 103	59 103	59 103	59 103	59 103	59 103	59 103	59 103	59 103	59 103	59 103	59 103	709 231	778 870	839 053
Surplus/(Deficit)		1 432	1 432	1 432	1 432	1 432	1 432	1 432	1 432	1 432	1 432	1 432	1 432	17 185	12 193	20 599
Transfers recognised - capital		3 365	3 365	3 365	3 365	3 365	3 365	3 365	3 365	3 365	3 365	3 365	3 365	40 374	46 177	52 588
Contributions recognised - capital		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Contributed assets		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions		4 797	4 797	4 797	4 797	4 797	4 797	4 797	4 797	4 797	4 797	4 797	4 797	57 559	58 370	73 187
Taxation		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Attributable to minorities		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Share of surplus/ (deficit) of associate		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit)	1	4 797	4 797	4 797	4 797	4 797	4 797	4 797	4 797	4 797	4 797	4 797	4 797	57 559	58 370	73 187

Table 42 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand																
Revenue by Vote																
Vote 1 - Municipal Governance and Administration		16 778	16 778	16 778	16 778	16 778	16 778	16 778	16 778	16 778	16 778	16 778	16 778	201 342	221 809	242 329
Vote 2 - Community and Public Safety		5 730	5 730	5 730	5 730	5 730	5 730	5 730	5 730	5 730	5 730	5 730	5 730	68 761	71 034	72 724
Vote 3 - Economic and Environmental Services		505	505	505	505	505	505	505	505	505	505	505	505	6 065	27 220	28 597
Vote 4 - Trading Services		40 883	40 883	40 883	40 883	40 883	40 883	40 883	40 883	40 883	40 883	40 883	40 883	490 600	517 153	568 565
Vote 5 - Balance Sheet		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote		63 897	63 897	63 897	63 897	63 897	63 897	63 897	63 897	63 897	63 897	63 897	63 897	766 768	837 216	912 216
Expenditure by Vote to be appropriated																
Vote 1 - Municipal Governance and Administration		12 553	12 553	12 553	12 553	12 553	12 553	12 553	12 553	12 553	12 553	12 553	12 553	150 635	164 730	178 861
Vote 2 - Community and Public Safety		10 103	10 103	10 103	10 103	10 103	10 103	10 103	10 103	10 103	10 103	10 103	10 103	121 237	131 269	138 608
Vote 3 - Economic and Environmental Services		2 775	2 775	2 775	2 775	2 775	2 775	2 775	2 775	2 775	2 775	2 775	2 775	33 302	41 072	41 192
Vote 4 - Trading Services		33 670	33 670	33 670	33 670	33 670	33 670	33 670	33 670	33 670	33 670	33 670	33 670	404 034	441 775	480 367
Vote 5 - Balance Sheet		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote		59 101	59 101	59 101	59 101	59 101	59 101	59 101	59 101	59 101	59 101	59 101	59 101	709 209	778 846	839 028
Surplus/(Deficit) before assoc.		4 797	4 797	4 797	4 797	4 797	4 797	4 797	4 797	4 797	4 797	4 797	4 797	57 559	58 370	73 187
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	4 797	4 797	4 797	4 797	4 797	4 797	4 797	4 797	4 797	4 797	4 797	4 797	57 559	58 370	73 187

Table 43 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand																
Revenue - Standard																
Governance and administration		16 778	16 778	16 778	16 778	16 778	16 778	16 778	16 778	16 778	16 778	16 778	16 778	201 342	221 809	242 329
Executive and council		572	572	572	572	572	572	572	572	572	572	572	572	6 868	6 696	7 042
Budget and treasury office		16 009	16 009	16 009	16 009	16 009	16 009	16 009	16 009	16 009	16 009	16 009	16 009	192 104	212 661	232 748
Corporate services		197	197	197	197	197	197	197	197	197	197	197	197	2 370	2 452	2 539
Community and public safety		5 730	5 730	5 730	5 730	5 730	5 730	5 730	5 730	5 730	5 730	5 730	5 730	68 761	71 034	72 724
Community and social services		911	911	911	911	911	911	911	911	911	911	911	911	10 929	10 716	9 991
Sport and recreation		10	10	10	10	10	10	10	10	10	10	10	10	114	9	10
Public safety		3 883	3 883	3 883	3 883	3 883	3 883	3 883	3 883	3 883	3 883	3 883	3 883	46 598	48 231	49 921
Housing		340	340	340	340	340	340	340	340	340	340	340	340	4 082	4 168	4 418
Health		587	587	587	587	587	587	587	587	587	587	587	587	7 038	7 910	8 385
Economic and environmental services		505	505	505	505	505	505	505	505	505	505	505	505	6 065	27 220	28 597
Planning and development		21	21	21	21	21	21	21	21	21	21	21	21	248	263	279
Road transport		476	476	476	476	476	476	476	476	476	476	476	476	5 711	26 957	28 318
Environmental protection		9	9	9	9	9	9	9	9	9	9	9	9	105	—	—
Trading services		40 883	40 883	40 883	40 883	40 883	40 883	40 883	40 883	40 883	40 883	40 883	40 883	490 600	517 153	568 565
Electricity		25 158	25 158	25 158	25 158	25 158	25 158	25 158	25 158	25 158	25 158	25 158	25 158	301 900	327 530	356 674
Water		9 961	9 961	9 961	9 961	9 961	9 961	9 961	9 961	9 961	9 961	9 961	9 961	119 532	126 578	142 770
Waste water management		3 204	3 204	3 204	3 204	3 204	3 204	3 204	3 204	3 204	3 204	3 204	3 204	38 447	30 178	33 960
Waste management		2 560	2 560	2 560	2 560	2 560	2 560	2 560	2 560	2 560	2 560	2 560	2 560	30 722	32 867	35 161
Other		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Revenue - Standard		63 897	63 897	63 897	63 897	63 897	63 897	63 897	63 897	63 897	63 897	63 897	63 897	766 768	837 216	912 216
Expenditure - Standard																
Governance and administration		12 553	12 553	12 553	12 553	12 553	12 553	12 553	12 553	12 553	12 553	12 553	12 553	150 635	164 730	178 861
Executive and council		2 536	2 536	2 536	2 536	2 536	2 536	2 536	2 536	2 536	2 536	2 536	2 536	30 437	33 366	35 288
Budget and treasury office		5 553	5 553	5 553	5 553	5 553	5 553	5 553	5 553	5 553	5 553	5 553	5 553	66 641	71 757	76 308
Corporate services		4 463	4 463	4 463	4 463	4 463	4 463	4 463	4 463	4 463	4 463	4 463	4 463	53 558	59 607	67 264
Community and public safety		10 103	10 103	10 103	10 103	10 103	10 103	10 103	10 103	10 103	10 103	10 103	10 103	121 237	131 269	138 608
Community and social services		1 259	1 259	1 259	1 259	1 259	1 259	1 259	1 259	1 259	1 259	1 259	1 259	15 113	16 898	17 867
Sport and recreation		472	472	472	472	472	472	472	472	472	472	472	472	5 660	6 069	5 706
Public safety		6 247	6 247	6 247	6 247	6 247	6 247	6 247	6 247	6 247	6 247	6 247	6 247	74 959	82 147	86 619
Housing		1 645	1 645	1 645	1 645	1 645	1 645	1 645	1 645	1 645	1 645	1 645	1 645	19 742	19 602	21 608
Health		480	480	480	480	480	480	480	480	480	480	480	480	5 762	6 554	6 809
Economic and environmental services		2 775	2 775	2 775	2 775	2 775	2 775	2 775	2 775	2 775	2 775	2 775	2 775	33 302	41 072	41 192
Planning and development		455	455	455	455	455	455	455	455	455	455	455	455	5 454	6 214	6 587
Road transport		1 890	1 890	1 890	1 890	1 890	1 890	1 890	1 890	1 890	1 890	1 890	1 890	22 678	29 115	28 511
Environmental protection		431	431	431	431	431	431	431	431	431	431	431	431	5 170	5 744	6 095
Trading services		33 670	33 670	33 670	33 670	33 670	33 670	33 670	33 670	33 670	33 670	33 670	33 670	404 034	441 775	480 367
Electricity		22 808	22 808	22 808	22 808	22 808	22 808	22 808	22 808	22 808	22 808	22 808	22 808	273 697	294 955	319 692
Water		6 716	6 716	6 716	6 716	6 716	6 716	6 716	6 716	6 716	6 716	6 716	6 716	80 598	91 495	101 475
Waste water management		2 307	2 307	2 307	2 307	2 307	2 307	2 307	2 307	2 307	2 307	2 307	2 307	27 680	30 968	33 325
Waste management		1 838	1 838	1 838	1 838	1 838	1 838	1 838	1 838	1 838	1 838	1 838	1 838	22 059	24 358	25 875
Other		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Expenditure - Standard		59 101	59 101	59 101	59 101	59 101	59 101	59 101	59 101	59 101	59 101	59 101	59 101	709 209	778 846	839 028
Surplus/(Deficit) before assoc.		4 797	4 797	4 797	4 797	4 797	4 797	4 797	4 797	4 797	4 797	4 797	4 797	57 559	58 370	73 187
Share of surplus/ (deficit) of associate		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit)	1	4 797	4 797	4 797	4 797	4 797	4 797	4 797	4 797	4 797	4 797	4 797	4 797	57 559	58 370	73 187

Table 44 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description R thousand	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Multi-year expenditure to be appropriated	1															
Vote 1 - Municipal Governance and Administration		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Community and Public Safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Economic and Environmental Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Trading Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Balance Sheet		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated																
Vote 1 - Municipal Governance and Administration		392	392	392	392	392	392	392	392	392	392	392	392	4 700	1 500	2 000
Vote 2 - Community and Public Safety		409	409	409	409	409	409	409	409	409	409	409	409	4 907	9 520	9 320
Vote 3 - Economic and Environmental Services		1 292	1 292	1 292	1 292	1 292	1 292	1 292	1 292	1 292	1 292	1 292	1 292	15 500	32 457	34 818
Vote 4 - Trading Services		2 659	2 659	2 659	2 659	2 659	2 659	2 659	2 659	2 659	2 659	2 659	2 659	31 904	14 000	24 500
Vote 5 - Balance Sheet		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	2	4 751	4 751	4 751	4 751	4 751	4 751	4 751	4 751	4 751	4 751	4 751	4 751	57 011	57 477	70 638
Total Capital Expenditure	2	4 751	4 751	4 751	4 751	4 751	4 751	4 751	4 751	4 751	4 751	4 751	4 751	57 011	57 477	70 638

Table 45 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital Expenditure - Standard	1															
Governance and administration		392	392	392	392	392	392	392	392	392	392	392	392	4 700	1 500	2 000
Executive and council		117	117	117	117	117	117	117	117	117	117	117	117	1 400	-	-
Budget and treasury office		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate services		275	275	275	275	275	275	275	275	275	275	275	275	3 300	1 500	2 000
Community and public safety		409	409	409	409	409	409	409	409	409	409	409	409	4 907	9 520	9 320
Community and social services		409	409	409	409	409	409	409	409	409	409	409	409	4 907	9 020	8 820
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	500	500
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		1 292	1 292	1 292	1 292	1 292	1 292	1 292	1 292	1 292	1 292	1 292	1 292	15 500	32 457	34 818
Planning and development		83	83	83	83	83	83	83	83	83	83	83	83	1 000	-	-
Road transport		1 208	1 208	1 208	1 208	1 208	1 208	1 208	1 208	1 208	1 208	1 208	1 208	14 500	32 457	34 818
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services		2 659	2 659	2 659	2 659	2 659	2 659	2 659	2 659	2 659	2 659	2 659	2 659	31 904	14 000	24 500
Electricity		917	917	917	917	917	917	917	917	917	917	917	917	11 004	10 000	15 000
Water		625	625	625	625	625	625	625	625	625	625	625	625	7 500	4 000	5 000
Waste water management		992	992	992	992	992	992	992	992	992	992	992	992	11 900	-	1 500
Waste management		125	125	125	125	125	125	125	125	125	125	125	125	1 500	-	3 000
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	2	4 751	4 751	4 751	4 751	4 751	4 751	4 751	4 751	4 751	4 751	4 751	4 751	57 011	57 477	70 638
Funded by:																
National Government		2 600	2 600	2 600	2 600	2 600	2 600	2 600	2 600	2 600	2 600	2 600	2 600	31 204	36 957	43 318
Provincial Government		284	284	284	284	284	284	284	284	284	284	284	284	3 407	8 170	8 170
District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital		2 884	2 884	2 884	2 884	2 884	2 884	2 884	2 884	2 884	2 884	2 884	2 884	34 611	45 127	51 488
Public contributions & donations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		1 867	1 867	1 867	1 867	1 867	1 867	1 867	1 867	1 867	1 867	1 867	1 867	22 400	12 350	19 150
Total Capital Funding		4 751	4 751	4 751	4 751	4 751	4 751	4 751	4 751	4 751	4 751	4 751	4 751	57 011	57 477	70 638

Table 46 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand															
Cash Receipts By Source													1		
Property rates	6 469	6 469	6 469	6 469	6 469	6 469	6 469	6 469	6 469	6 469	6 469	6 469	77 634	83 480	90 995
Property rates - penalties & collection charges	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges - electricity revenue	19 265	19 265	19 265	19 265	19 265	19 265	19 265	19 265	19 265	19 265	19 265	19 265	231 176	251 945	271 186
Service charges - water revenue	7 265	7 265	7 265	7 265	7 265	7 265	7 265	7 265	7 265	7 265	7 265	7 265	87 179	99 671	112 529
Service charges - sanitation revenue	1 659	1 659	1 659	1 659	1 659	1 659	1 659	1 659	1 659	1 659	1 659	1 659	19 905	22 866	26 138
Service charges - refuse revenue	1 963	1 963	1 963	1 963	1 963	1 963	1 963	1 963	1 963	1 963	1 963	1 963	23 551	25 586	27 654
Service charges - other	81	81	81	81	81	81	81	81	81	81	81	81	974	1 032	1 094
Rental of facilities and equipment	361	361	361	361	361	361	361	361	361	361	361	361	4 331	4 591	4 867
Interest earned - external investments	83	83	83	83	83	83	83	83	83	83	83	83	1 000	1 060	1 124
Interest earned - outstanding debtors	856	856	856	856	856	856	856	856	856	856	856	856	10 275	11 618	12 315
Dividends received	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Fines	581	581	581	581	581	581	581	581	581	581	581	581	6 977	7 222	7 616
Licences and permits	5	5	5	5	5	5	5	5	5	5	5	5	62	66	70
Agency services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfer receipts - operational	8 634	8 634	8 634	8 634	8 634	8 634	8 634	8 634	8 634	8 634	8 634	8 634	103 606	115 615	127 165
Other revenue	240	240	240	240	240	240	240	240	240	240	240	240	2 880	3 583	3 798
Cash Receipts by Source	47 462	47 462	47 462	47 462	47 462	47 462	47 462	47 462	47 462	47 462	47 462	47 462	569 550	628 334	686 550
Other Cash Flows by Source															
Transfer receipts - capital	3 365	3 365	3 365	3 365	3 365	3 365	3 365	3 365	3 365	3 365	3 365	3 365	40 374	46 177	52 588
Contributions recognised - capital & Contributed	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Proceeds on disposal of PPE	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Short term loans	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Borrowing long term/refinancing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Increase (decrease) in consumer deposits	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Decrease (Increase) in non-current debtors	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Decrease (increase) other non-current receivable	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Decrease (increase) in non-current investments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Cash Receipts by Source	50 827	50 827	50 827	50 827	50 827	50 827	50 827	50 827	50 827	50 827	50 827	50 827	609 924	674 511	739 138
Cash Payments by Type															
Employee related costs	12 903	12 903	12 903	12 903	12 903	12 903	12 903	12 903	12 903	12 903	12 903	12 903	154 837	177 689	188 333
Remuneration of councillors	818	818	818	818	818	818	818	818	818	818	818	818	9 819	10 458	11 012
Finance charges	464	464	464	464	464	464	464	464	464	464	464	464	5 573	5 907	6 262
Bulk purchases - Electricity	17 829	17 829	17 829	17 829	17 829	17 829	17 829	17 829	17 829	17 829	17 829	17 829	213 949	230 868	248 922
Bulk purchases - Water & Sewer	4 084	4 084	4 084	4 084	4 084	4 084	4 084	4 084	4 084	4 084	4 084	4 084	49 012	55 447	62 600
Other materials	2 210	2 210	2 210	2 210	2 210	2 210	2 210	2 210	2 210	2 210	2 210	2 210	26 516	33 545	40 037
Contracted services	53	53	53	53	53	53	53	53	53	53	53	53	636	674	715
Transfers and grants - other municipalities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers and grants - other	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other expenditure	7 687	7 687	7 687	7 687	7 687	7 687	7 687	7 687	7 687	7 687	7 687	7 687	92 247	98 182	104 060
Cash Payments by Type	46 049	46 049	46 049	46 049	46 049	46 049	46 049	46 049	46 049	46 049	46 049	46 049	552 589	612 769	661 941
Other Cash Flows/Payments by Type															
Capital assets	4 751	4 751	4 751	4 751	4 751	4 751	4 751	4 751	4 751	4 751	4 751	4 751	57 011	57 477	70 638
Repayment of borrowing	280	280	280	280	280	280	280	280	280	280	280	280	3 357	3 372	4 010
Other Cash Flows/Payments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Cash Payments by Type	51 080	51 080	51 080	51 080	51 080	51 080	51 080	51 080	51 080	51 080	51 080	51 080	612 957	673 618	736 589
NET INCREASE/(DECREASE) IN CASH HELD	(253)	(253)	(253)	(253)	(253)	(253)	(253)	(253)	(253)	(253)	(253)	(253)	(3 033)	893	2 549
Cash/cash equivalents at the month/year begin:	8 207	7 954	7 702	7 449	7 196	6 943	6 691	6 438	6 185	5 932	5 680	5 427	8 207	5 174	6 067
Cash/cash equivalents at the month/year end:	7 954	7 702	7 449	7 196	6 943	6 691	6 438	6 185	5 932	5 680	5 427	5 174	5 174	6 067	8 616

2.10 Annual budgets and SDBIPs – internal departments

2.10.1 Water Services Department – Vote 14

The department is primarily responsible for the distribution of potable water within the municipal boundary, which includes the purification of raw water, maintenance of the reticulation network and implementation of the departmental capital programme.

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1										
Revenue By Source											
Property rates	2	58 417	62 278	84 459	85 592	90 891	90 891	–	98 270	105 671	113 744
Property rates - penalties & collection charges		–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	2	196 590	205 644	216 219	244 750	256 124	256 124	–	288 970	311 043	334 797
Service charges - water revenue	2	59 001	64 378	70 209	95 127	98 914	98 914	–	110 353	124 589	140 661
Service charges - sanitation revenue	2	16 487	18 628	20 711	21 870	23 116	23 116	–	25 317	28 582	32 269
Service charges - refuse revenue	2	22 117	23 070	25 598	27 660	28 384	28 384	–	30 193	32 307	34 568
Service charges - other		2 773	4 312	1 150	–	1 150	1 150	–	1 217	1 291	1 368
Rental of facilities and equipment		3 015	3 267	3 512	3 605	3 936	3 936	–	4 331	4 591	4 867
Interest earned - external investments		1 064	1 472	1 039	–	1 200	1 200	–	1 000	1 060	1 124
Interest earned - outstanding debtors		4 657	7 474	10 482	9 390	13 386	13 386	–	13 700	14 522	15 393
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines		168	4 663	30 212	5 163	5 664	5 664	–	46 516	48 144	49 829
Licences and permits		44	58	41	41	32	32	–	62	66	70
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers recognised - operational		73 193	79 435	84 719	101 503	94 786	94 786	–	103 606	115 615	127 165
Other revenue	2	976	1 609	20 013	3 338	3 728	3 728	–	2 880	3 583	3 798
Gains on disposal of PPE		–	–	558	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		438 500	476 286	568 923	598 038	621 312	621 312	–	726 416	791 062	859 652
Expenditure By Type											
Employee related costs	2	92 694	100 178	128 403	137 425	137 803	137 803	–	154 837	177 689	188 333
Remuneration of councillors		7 345	7 840	8 433	8 660	9 220	9 220	–	9 819	10 458	11 012
Debt impairment	3	81 963	58 741	75 844	61 345	62 693	62 693	–	110 039	118 291	128 809
Depreciation & asset impairment	2	35 963	36 912	41 688	38 026	41 701	41 701	–	41 808	42 726	42 915
Finance charges		6 983	6 973	11 478	5 851	10 646	10 646	–	10 368	10 990	11 649
Bulk purchases	2	189 132	200 319	217 375	229 909	241 362	241 362	–	262 961	286 315	311 522
Other materials	8	20 992	15 422	24 475	22 171	23 118	23 118	–	26 516	33 545	40 037
Contracted services		682	497	526	719	510	510	–	636	674	715
Transfers and grants		–	–	–	–	–	–	–	–	–	–
Other expenditure	4, 5	51 917	68 485	85 916	76 921	92 139	92 139	–	92 247	98 182	104 060
Loss on disposal of PPE		300	10 645	4 145	–	–	–	–	–	–	–
Total Expenditure		487 971	506 011	598 283	581 027	619 191	619 191	–	709 231	778 870	839 053
Surplus/(Deficit)		(49 471)	(29 725)	(29 360)	17 011	2 121	2 121	–	17 185	12 193	20 599
Transfers recognised - capital		20 317	34 079	58 164	35 629	43 012	43 012	–	40 374	46 177	52 588
Contributions recognised - capital	6	–	–	–	–	–	–	–	–	–	–
Contributed assets		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		(29 154)	4 354	28 803	52 640	45 133	45 133	–	57 559	58 370	73 187

Table 47 MBRR SA 34a - Capital expenditure on new assets by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand	1										
Capital expenditure on new assets by Asset Class/Sub-class											
Infrastructure	2	47 765	28 059	48 889	34 629	35 515	35 515	39 404	36 957	46 318	
Infrastructure - Road transport		38 348	21 789	28 952	-	9 477	9 477	9 500	26 957	28 318	
Roads, Pavements & Bridges		38 348	21 789	28 952	-	9 477	9 477	9 500	26 957	28 318	
Storm water		-	-	-	-	-	-	-	-	-	
Infrastructure - Electricity		8 366	6 220	19 937	9 000	6 400	6 400	10 904	10 000	15 000	
Generation		-	-	-	-	-	-	-	-	-	
Transmission & Reticulation		8 366	6 220	19 937	9 000	6 400	6 400	10 200	10 000	15 000	
Street Lighting		-	-	-	-	-	-	704	-	-	
Infrastructure - Water		-	-	-	13 000	18 000	18 000	7 500	-	-	
Dams & Reservoirs		-	-	-	13 000	11 000	11 000	7 500	-	-	
Water purification		-	-	-	-	-	-	-	-	-	
Reticulation		-	-	-	-	7 000	7 000	-	-	-	
Infrastructure - Sanitation		1 051	49	-	12 629	1 638	1 638	11 500	-	-	
Reticulation		1 051	49	-	12 629	1 638	1 638	11 500	-	-	
Sewerage purification		-	-	-	-	-	-	-	-	-	
Infrastructure - Other		-	-	-	-	-	-	-	-	3 000	
Waste Management		-	-	-	-	-	-	-	-	3 000	
Transportation		-	-	-	-	-	-	-	-	-	
Gas		-	-	-	-	-	-	-	-	-	
Other		-	-	-	-	-	-	-	-	-	
Community		3	1 462	2 648	1 293	2 000	2 839	2 839	5 167	9 420	9 170
Parks & gardens		7	-	-	-	-	-	-	-	-	-
Sportsfields & stadia			-	184	79	-	809	809	-	500	500
Swimming pools			147	-	-	-	-	-	-	-	-
Community halls			-	-	-	-	-	-	-	-	-
Libraries			1 284	421	30	1 000	1 000	1 000	1 667	8 170	8 170
Recreational facilities			-	-	-	-	-	-	-	-	-
Fire, safety & emergency			20	-	-	-	-	-	-	-	-
Security and policing			12	-	-	-	-	-	1 000	-	-
Buses			-	-	-	-	-	-	-	-	-
Clinics			-	-	-	-	-	-	-	-	-
Museums & Art Galleries			-	-	-	-	-	-	-	-	-
Cemeteries			-	1 512	-	-	1 000	1 000	1 500	750	500
Social rental housing			-	-	-	-	-	-	-	-	-
Other	-		530	1 184	1 000	30	30	1 000	-	-	
Heritage assets	9		-	-	-	-	-	-	-	-	-
Buildings			-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	
Investment properties	8	-	-	-	-	-	-	-	-	-	
Housing development		-	-	-	-	-	-	-	-	-	
Other		-	-	-	-	-	-	-	-	-	
Other assets	10	1 315	1 359	3 866	3 850	4 574	4 574	7 090	1 600	2 150	
General vehicles		-	-	-	450	450	450	900	-	-	
Specialised vehicles		-	-	-	-	-	-	1 500	-	-	
Plant & equipment		54	261	593	300	924	924	1 890	100	150	
Computers - hardware/equipment		110	869	1 541	1 600	1 500	1 500	2 300	1 500	2 000	
Furniture and other office equipment		-	229	-	-	200	200	-	-	-	
Abattoirs		-	-	-	-	-	-	-	-	-	
Markets		-	-	-	-	-	-	-	-	-	
Civic Land and Buildings		-	-	-	-	-	-	-	-	-	
Other Buildings		1 151	-	-	-	1 500	1 500	500	-	-	
Other Land		-	-	-	1 500	-	-	-	-	-	
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-	
Other		-	-	1 732	-	-	-	-	-	-	
Agricultural assets		11	-	-	-	-	-	-	-	-	-
List sub-class			-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-
Biological assets	12	-	-	-	-	-	-	-	-	-	
List sub-class		-	-	-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	-	-	
Intangibles	13	-	1 169	270	720	658	658	350	-	-	
Computers - software & programming		-	1 169	270	720	658	658	350	-	-	
Other (list sub-class)		-	-	-	-	-	-	-	-	-	
Total Capital Expenditure on new assets	1	50 543	33 234	54 318	41 199	43 587	43 587	52 011	47 977	57 638	
Specialised vehicles	14	-	-	-	-	-	-	1 500	-	-	
Refuse		-	-	-	-	-	-	1 500	-	-	
Fire		-	-	-	-	-	-	-	-	-	
Conservancy		-	-	-	-	-	-	-	-	-	
Ambulances		-	-	-	-	-	-	-	-	-	

Table 48 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		-	3 920	701	11 000	1 500	1 500	5 000	9 500	13 000
Infrastructure - Road transport		-	3 920	677	4 500	-	-	5 000	5 500	6 500
Roads, Pavements & Bridges		-	3 920	677	4 500	-	-	5 000	5 500	6 500
Storm water		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	2 500	1 000	1 000	-	-	-
Generation		-	-	-	2 500	-	-	-	-	-
Transmission & Reticulation		-	-	-	-	1 000	1 000	-	-	-
Street Lighting		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	24	3 500	-	-	-	4 000	5 000
Dams & Reservoirs		-	-	24	3 500	-	-	-	4 000	5 000
Water purification		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	500	500	500	-	-	1 500
Reticulation		-	-	-	500	500	500	-	-	1 500
Sewerage purification		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management		-	-	-	-	-	-	-	-	-
Transportation	2	-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-
Other	3	-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Parks & gardens		-	-	-	-	-	-	-	-	-
Sportsfields & stadia		-	-	-	-	-	-	-	-	-
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Recreational facilities		-	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-
Buses	7	-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	-	-	-
Social rental housing	8	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other	9	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-
General vehicles		-	-	-	-	-	-	-	-	-
Specialised vehicles	10	-	-	-	-	-	-	-	-	-
Plant & equipment		-	-	-	-	-	-	-	-	-
Computers - hardware/equipment		-	-	-	-	-	-	-	-	-
Furniture and other office equipment		-	-	-	-	-	-	-	-	-
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	-	-	-	-	-	-	-
Other Buildings		-	-	-	-	-	-	-	-	-
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming		-	-	-	-	-	-	-	-	-
Other (list sub-class)		-	-	-	-	-	-	-	-	-
Total Capital Expenditure on renewal of existing	1	-	3 920	701	11 000	1 500	1 500	5 000	9 500	13 000
Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Fire		-	-	-	-	-	-	-	-	-
Conservancy		-	-	-	-	-	-	-	-	-
Ambulances		-	-	-	-	-	-	-	-	-
Renewal of Existing Assets as % of total capex		0.0%	10.5%	1.3%	21.1%	3.3%	3.3%	8.8%	16.5%	18.4%
Renewal of Existing Assets as % of deprecn"		0.0%	10.6%	1.7%	28.9%	3.6%	3.6%	12.0%	22.2%	30.3%

Table 49 MBRR SA34c - Repairs and maintenance expenditure by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		18 748	12 955	22 211	18 525	19 770	19 770	20 300	26 856	32 362
Infrastructure - Road transport		2 107	1 956	3 354	4 575	6 700	6 700	5 200	7 500	9 000
Roads, Pavements & Bridges		2 107	1 956	3 354	4 575	6 700	6 700	5 200	7 500	9 000
Storm water		—	—	—	—	—	—	—	—	—
Infrastructure - Electricity		14 279	7 802	13 376	9 900	9 500	9 500	11 500	14 750	17 000
Generation		—	—	—	—	—	—	—	—	—
Transmission & Reticulation		13 379	7 227	12 390	8 900	8 500	8 500	10 000	13 000	15 000
Street Lighting		899	575	986	1 000	1 000	1 000	1 500	1 750	2 000
Infrastructure - Water		940	1 192	2 043	2 000	1 750	1 750	2 000	2 500	3 500
Dams & Reservoirs		—	—	—	—	—	—	—	—	—
Water purification		—	—	—	—	—	—	—	—	—
Reticulation		940	1 192	2 043	2 000	1 750	1 750	2 000	2 500	3 500
Infrastructure - Sanitation		1 412	1 971	3 378	2 000	1 750	1 750	1 500	2 000	2 750
Reticulation		1 412	1 971	3 378	2 000	1 750	1 750	1 500	2 000	2 750
Sewerage purification		—	—	—	—	—	—	—	—	—
Infrastructure - Other		10	35	60	50	70	70	100	106	112
Waste Management		10	35	60	50	70	70	100	106	112
Transportation	2	—	—	—	—	—	—	—	—	—
Gas	3	—	—	—	—	—	—	—	—	—
Other	3	—	—	—	—	—	—	—	—	—
Community		81	148	254	340	215	215	2 159	2 289	2 426
Parks & gardens		—	—	—	—	—	—	—	—	—
Sportsfields & stadia		32	19	33	50	50	50	890	943	1 000
Swimming pools		—	7	12	—	15	15	335	355	376
Community halls		—	—	—	—	—	—	—	—	—
Libraries		—	—	—	—	—	—	500	530	562
Recreational facilities		—	—	—	—	—	—	—	—	—
Fire, safety & emergency		37	—	—	—	—	—	111	117	124
Security and policing		12	122	209	—	—	—	223	237	251
Buses	7	—	—	—	—	—	—	—	—	—
Clinics		—	—	—	—	—	—	80	85	90
Museums & Art Galleries		—	—	—	—	—	—	—	—	—
Cemeteries		—	—	—	—	—	—	20	21	22
Social rental housing	8	—	—	—	—	—	—	—	—	—
Other		—	—	—	290	150	150	—	—	—
Heritage assets		—	—	—	—	—	—	—	—	—
Buildings	9	—	—	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Housing development		—	—	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—
Other assets		6 152	4 612	5 394	7 084	6 127	6 127	7 432	7 978	9 042
General vehicles	10	3 989	3 440	3 384	3 778	2 994	2 994	3 375	3 578	3 793
Specialised vehicles		—	—	—	—	—	—	—	—	—
Plant & equipment		193	119	205	940	955	955	1 467	1 555	1 648
Computers - hardware/equipment		—	—	—	297	—	—	50	53	56
Furniture and other office equipment		158	158	270	569	44	44	10	11	11
Abattoirs		—	—	—	—	—	—	—	—	—
Markets		—	—	—	1 500	—	—	—	—	—
Civic Land and Buildings		1 283	852	1 461	—	2 134	2 134	2 530	2 782	3 534
Other Buildings		—	—	—	—	—	—	—	—	—
Other Land		—	—	—	—	—	—	—	—	—
Surplus Assets - (Investment or Inventory)		—	—	—	—	—	—	—	—	—
Other		530	43	74	—	—	—	—	—	—
Agricultural assets		—	—	—	—	—	—	—	—	—
List sub-class		—	—	—	—	—	—	—	—	—
Biological assets		—	—	—	—	—	—	—	—	—
List sub-class		—	—	—	—	—	—	—	—	—
Intangibles		—	—	—	—	—	—	—	—	—
Computers - software & programming		—	—	—	—	—	—	—	—	—
Other (list sub-class)		—	—	—	—	—	—	—	—	—
Total Repairs and Maintenance Expenditure	1	24 981	17 715	27 859	25 949	26 112	26 112	29 891	37 123	43 830
Specialised vehicles										
Refuse		—	—	—	—	—	—	—	—	—
Fire		—	—	—	—	—	—	—	—	—
Conservancy		—	—	—	—	—	—	—	—	—
Ambulances		—	—	—	—	—	—	—	—	—
R&M as a % of PPE		4.5%	3.2%	4.7%	4.2%	4.0%	4.0%	4.2%	5.0%	5.5%
R&M as % Operating Expenditure		5.1%	3.5%	4.7%	4.5%	4.2%	4.2%	4.2%	4.8%	5.2%

Table 50 MBRR SA35 - Future financial implications of the capital budget

Vote Description R thousand	Ref	2016/17 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Present value
Capital expenditure	1							
Vote 1 - Municipal Governance and Administration		4 700	1 500	2 000				
Vote 2 - Community and Public Safety		4 907	9 520	9 320				
Vote 3 - Economic and Environmental Services		15 500	32 457	34 818				
Vote 4 - Trading Services		31 904	14 000	24 500				
Vote 5 - Balance Sheet		-	-	-				
Vote 6 -		-	-	-				
Vote 7 -		-	-	-				
Vote 8 -		-	-	-				
Vote 9 -		-	-	-				
Vote 10 -		-	-	-				
Vote 11 -		-	-	-				
Vote 12 -		-	-	-				
Vote 13 -		-	-	-				
Vote 14 -		-	-	-				
Vote 15 -		-	-	-				
List entity summary if applicable								
Total Capital Expenditure		57 011	57 477	70 638	-	-	-	-
Future operational costs by vote	2							
Vote 1 - Municipal Governance and Administration								
Vote 2 - Community and Public Safety								
Vote 3 - Economic and Environmental Services								
Vote 4 - Trading Services								
Vote 5 - Balance Sheet								
Vote 6 -								
Vote 7 -								
Vote 8 -								
Vote 9 -								
Vote 10 -								
Vote 11 -								
Vote 12 -								
Vote 13 -								
Vote 14 -								
Vote 15 -								
List entity summary if applicable								
Total future operational costs		-	-	-	-	-	-	-
Future revenue by source	3							
Property rates								
Property rates - penalties & collection charges								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
List other revenues sources if applicable								
List entity summary if applicable								
Total future revenue		-	-	-	-	-	-	-
Net Financial Implications		57 011	57 477	70 638	-	-	-	-

Table 51 MBRR SA36 - Detailed capital budget per municipal vote

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2016/17 Medium Term Revenue & Expenditure Framework		
										Audited Outcome 2014/15	Current Year 2015/16 Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	4				6	3	3	5						
Parent municipality:														
<i>List all capital projects grouped by Municipal Vote</i>														
1000/10/4/20/1035		EQUIPMENT			Yes	Other Assets	Plant & equipment			25	—	1 390	—	—
1000/10/4/20/2002		TOY LIBRARIES			Yes	Community	Libraries			30	30	60	—	—
1000/10/4/20/2003		FURNITURE LIBRARY			Yes	Community	Libraries			386	—	—	—	—
1000/10/4/20/2004		LIBRARY BOOKS			Yes	Community	Libraries			1 732	1 000	1 500	8 170	8 170
1000/10/4/20/2006		SOFTWARE (ICT)			Yes	Intangibles	Computers - software & programming			192	658	350	—	—
1000/10/4/20/2007		RFID TECHNOLOGY			Yes	Community	Libraries			201	—	107	—	—
1000/15/4/10/1029		EXTEND PALISADE FENCING EKHUTULENI CEM			Yes	Community	Cemeteries			1 184	—	—	750	—
1000/15/4/10/1040		FENCING EKUPHUMULENI & KWA-ZENZELE			Yes	Community	Cemeteries			—	1 000	1 500	—	—
1000/15/4/10/1049		EXTENSION PAVING BERGSIG CEMETERY			Yes	Community	Cemeteries			—	—	—	—	500
1000/50/4/10/1034		SECURITY CAMERAS			Yes	Community	Security and policing			—	—	1 000	—	—
1000/55/4/10/1061		BUSHCUTTER			Yes	Other Assets	Plant & equipment			103	—	—	—	—
1000/60/4/10/4098		EQUIPMENT: LESEDI CARE CENTRE			Yes	Other Assets	Plant & equipment			—	—	—	100	150
1000/60/4/20/2027		BKB GRANT - EQUIPMENT			Yes	Other Assets	Plant & equipment			—	240	—	—	—
1000/65/4/10/1048		SPORTSGROUNDS: JAMESON PARK			Yes	Community	Sportsfields & stadia			—	—	—	500	500
1000/65/4/20/4100		SPORTSFIELD KWA-ZENZELE			Yes	Community	Sportsfields & stadia			79	809	—	—	—
2000/15/4/10/1012		MOTOR VEHICLE			Yes	Other Assets	General vehicles			—	—	900	—	—
2000/15/4/10/4095		MAYOR'S HOUSE			Yes	Other Assets	Civic Land and Buildings			—	1 500	500	—	—
2000/20/4/10/1012		MOTOR VEHICLE			Yes	Other Assets	General vehicles			—	450	—	—	—
3000/20/4/10/2015		INFRASTRUCTURE INFORMAL TRADERS			Yes	Community	Buildings			—	—	1 000	—	—
3000/20/4/20/1035		EQUIPMENT			Yes	Other Assets	Plant & equipment			263	184	—	—	—
5000/20/4/10/1015		COMPUTER HARDWARE			Yes	Other Assets	Computers - hardware/equipment			684	1 500	2 300	1 500	2 000
5000/20/4/10/1074		TELEPHONE SYSTEM			Yes	Other Assets	Furniture and other office equipment			337	—	—	—	—
5000/20/4/10/2006		SOFTWARE			Yes	Intangibles	Computers - software & programming			78	—	—	—	—
5000/30/4/10/1004		FURNITURE			Yes	Other Assets	Furniture and other office equipment			134	200	—	—	—
7000/15/4/10/1013		REFURBISHMENT: TRAFFIC LIGHTS			Yes	Infrastructure - Electricity	Street Lighting			—	2 000	—	—	—
7000/15/4/10/1035		EQUIPMENT			Yes	Other Assets	Plant & equipment			—	—	100	—	—
7000/15/4/10/1110		JAMESON PARK SUBSTATION			Yes	Infrastructure - Electricity	Transmission & Reticulation			—	—	1 800	—	—
7000/15/4/10/3022		RELOCATION OF METERS			Yes	Infrastructure - Electricity	Transmission & Reticulation			—	—	2 400	—	—
7000/15/4/20/2007		BULK SUPPLY: 6000 STANDS (OBED NKOSI)			Yes	Infrastructure - Electricity	Transmission & Reticulation			13 030	—	—	—	—
7000/15/4/20/2008		ELECTRICAL RET. KWAZENZELE			Yes	Infrastructure - Electricity	Transmission & Reticulation			—	—	3 325	—	—
7000/15/4/20/2011		ELECTRICAL RET. 6000STANDS (OBED NKOSI)			Yes	Infrastructure - Electricity	Transmission & Reticulation			6 907	5 400	2 675	10 000	15 000
7000/15/4/20/2075		INSTALLATION OF HIGH MAST LIGHTS			Yes	Infrastructure - Electricity	Street Lighting			—	—	704	—	—
7000/30/4/10/1028		ROADS - LESEDI			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges			277	—	4 000	—	—
7000/30/4/10/1075		ROAD RESEALING			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges			677	—	5 000	5 500	6 500
7000/30/4/20/2035		ROADS - LESEDI			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges			28 676	3 486	5 500	26 957	28 318
7000/35/4/10/1070		NETWORK UPGRADING - LESEDI			Yes	Infrastructure - Sanitation	Reticulation			—	500	—	—	1 500
7000/35/4/10/1105		EQUIPMENT			Yes	Other Assets	Plant & equipment			—	—	400	—	—
7000/35/4/20/2024		SEWER NETWORK EXT 3 IMPUMELELO			Yes	Infrastructure - Sanitation	Reticulation			—	12 629	—	—	—
7000/35/4/20/2028		SEWER PLANT: DEVON			Yes	Infrastructure - Sanitation	Reticulation			—	—	1 500	—	—
7000/35/4/20/2034		UPGRADE SEWER PLANT KWA-ZENZELE			Yes	Infrastructure - Sanitation	Reticulation			—	—	10 000	—	—
7000/40/4/10/1073		LAND FILL SITE (DEVON)			Yes	Infrastructure - Other	Waste Management			—	—	—	—	3 000
7000/40/4/10/4096		REFUSE TRUCK			Yes	Other Assets	Specialised vehicles - Refuse			—	—	1 500	—	—
7000/45/4/10/1019		UPGRADE WATER NETWORK			Yes	Infrastructure - Water	Reticulation			24	—	—	4 000	5 000
7000/45/4/10/1035		EQUIPMENT			Yes	Other Assets	Plant & equipment			—	500	—	—	—
7000/45/4/20/2014		WATER TOWER: VISCHKUIL			Yes	Infrastructure - Water	Dams & Reservoirs			—	10 000	7 500	—	—
7000/45/4/20/4085		RESERVOIR: BULK WATER OBED NKOSI			Yes	Infrastructure - Water	Dams & Reservoirs			—	3 000	—	—	—
Parent Capital expenditure												57 011	57 477	70 638
Entities:														
<i>List all capital projects grouped by Entity</i>														
Entity A														
Water project A														
Entity B														
Electricity project B														
Entity Capital expenditure										—	—	—	—	—
Total Capital expenditure										55 019	45 087	57 011	57 477	70 638

Table 52 MBRR SA37 - Projects delayed from previous financial year

Municipal Vote/Capital project	Ref. 1,2	Project name	Project number	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 4	Previous target year to complete	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
								Original Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand												
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>				<i>Examples</i>	<i>Examples</i>							
Entities: <i>List all capital projects grouped by Municipal Entity</i>												
Entity Name <i>Project name</i>												

2.11 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) includes monthly published financial performance on the Municipality's website.
2. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Since the introduction of the Internship programme the Municipality has successfully employed and trained 21 interns through this programme and a majority of them were appointed either in the Municipality or other Institutions such as Department of Education.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalized after approval of the 2015/16 MTREF in June 2015 directly aligned and informed by the 2015/16 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
The MFMA training module in electronic format is presented at the Municipality's internal centre or National Treasury offices and the training is ongoing.

2.12 Other supporting documents

Table 53 MBRR Table SA1 - Supporting detail to budgeted financial performance

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		58 417	62 278	84 459	85 592	90 891	90 891		98 270	105 671	113 744
less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)						–	–	–	–	–	–
Net Property Rates		58 417	62 278	84 459	85 592	90 891	90 891	–	98 270	105 671	113 744
Service charges - electricity revenue	6										
Total Service charges - electricity revenue		196 590	205 644	216 219	244 750	256 124	256 124		288 970	311 043	334 797
less Revenue Foregone (in excess of 50 kwh per indigent household per month)											
less Cost of Free Basis Services (50 kwh per indigent household per month)		–	–	–	–	–	–	–	–	–	–
Net Service charges - electricity revenue		196 590	205 644	216 219	244 750	256 124	256 124	–	288 970	311 043	334 797
Service charges - water revenue	6										
Total Service charges - water revenue		59 001	64 378	70 209	95 127	98 914	98 914		110 353	124 589	140 661
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)											
less Cost of Free Basis Services (6 kilolitres per indigent household per month)		–	–	–	–	–	–	–	–	–	–
Net Service charges - water revenue		59 001	64 378	70 209	95 127	98 914	98 914	–	110 353	124 589	140 661
Service charges - sanitation revenue	6										
Total Service charges - sanitation revenue		16 487	18 628	20 711	21 870	23 116	23 116		25 317	28 582	32 269
less Revenue Foregone (in excess of free sanitation service to indigent households)											
less Cost of Free Basis Services (free sanitation service to indigent households)		–	–	–	–	–	–	–	–	–	–
Net Service charges - sanitation revenue		16 487	18 628	20 711	21 870	23 116	23 116	–	25 317	28 582	32 269
Service charges - refuse revenue	6										
Total refuse removal revenue		22 117	23 070	25 598	27 660	28 384	28 384	–	30 193	32 307	34 568
Total landfill revenue						–	–	–	–	–	–
less Revenue Foregone (in excess of one removal a week to indigent households)						–	–	–	–	–	–
less Cost of Free Basis Services (removed once a week to indigent households)		–	–	–	–	–	–	–	–	–	–
Net Service charges - refuse revenue		22 117	23 070	25 598	27 660	28 384	28 384	–	30 193	32 307	34 568
Other Revenue by source	3										
Fuel Levy		–	–	–	–	–	–	–	–	–	–
Other Revenue		976	1 609	20 013	3 338	3 728	3 728	–	2 880	3 583	3 798
Total 'Other' Revenue	1	976	1 609	20 013	3 338	3 728	3 728	–	2 880	3 583	3 798

Table 64 MBRR Table SA1 - Supporting detail to budgeted financial performance
(Continued)

EXPENDITURE ITEMS:											
<u>Employee related costs</u>											
Basic Salaries and Wages	2	75 268	82 205	108 649	120 914	119 211	119 211	–	132 660	152 260	161 395
Pension and UIF Contributions		1 404	1 387	1 763	1 585	1 862	1 862	–	2 000	2 220	2 346
Medical Aid Contributions		5 199	5 182	6 245	4 289	4 421	4 421	–	7 140	8 252	8 747
Overtime		4 564	4 786	5 175	2 753	3 267	3 267	–	3 831	4 428	4 693
Performance Bonus		–	–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance		4 213	5 126	4 600	5 433	5 719	5 719	–	6 722	7 658	8 108
Cellphone Allowance		1	1	1	1	1	1	–	1	1	1
Housing Allowances		390	293	633	454	1 422	1 422	–	453	524	555
Other benefits and allowances		74	63	99	188	185	185	–	170	197	208
Pay ments in lieu of leave		720	307	135	55	55	55	–	–	–	–
Long service awards		–	–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations		860	828	1 104	1 753	1 659	1 659	–	1 861	2 150	2 279
sub-total	4	92 694	100 178	128 403	137 425	137 803	137 803	–	154 837	177 689	188 333
<u>Less: Employees costs capitalised to PPE</u>											
		–	–	–	–	–	–	–	–	–	–
Total Employee related costs	1	92 694	100 178	128 403	137 425	137 803	137 803	–	154 837	177 689	188 333
<u>Contributions recognised - capital</u>											
<i>List contributions by contract</i>											
Total Contributions recognised - capital		–	–	–	–	–	–	–	–	–	–
<u>Depreciation & asset impairment</u>											
Depreciation of Property , Plant & Equipment		35 982	36 436	41 688	38 026	40 439	40 439	–	40 891	41 770	41 681
Lease amortisation		–	–	–	–	1 261	1 261	–	917	956	1 234
Capital asset impairment		(19)	476	–	–	–	–	–	–	–	–
Depreciation resulting from revaluation of PPE		–	–	–	–	–	–	–	–	–	–
Total Depreciation & asset impairment	10	35 963	36 912	41 688	38 026	41 701	41 701	–	41 808	42 726	42 915
<u>Bulk purchases</u>											
Electricity Bulk Purchases		151 089	164 478	167 681	186 409	197 862	197 862	–	213 949	230 868	248 922
Water Bulk Purchases		38 044	35 841	49 694	43 500	43 500	43 500	–	49 012	55 447	62 600
Total bulk purchases	1	189 132	200 319	217 375	229 909	241 362	241 362	–	262 961	286 315	311 522
<u>Transfers and grants</u>											
Cash transfers and grants		–	–	–	–	–	–	–	–	–	–
Non-cash transfers and grants		–	–	–	–	–	–	–	–	–	–
Total transfers and grants	1	–	–	–	–	–	–	–	–	–	–
<u>Contracted services</u>											
<i>List services provided by contract</i>											
		682	497	526	719	510	510	–	636	674	715
sub-total	1	682	497	526	719	510	510	–	636	674	715
<u>Allocations to organs of state:</u>											
Electricity											
Water											
Sanitation											
Other											
Total contracted services		682	497	526	719	510	510	–	636	674	715

**Table 64 MBRR Table SA1 - Supporting detail to budgeted financial performance
(Continued)**

[illegible]

Table 54 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Description	Ref	Vote 1 - Municipal Governance and Safety	Vote 2 - Community and Public Safety	Vote 3 - Economic and Environment	Vote 4 - Trading Services	Vote 5 - Balance Sheet	Vote 6 -	Vote 7 -	Vote 8 -	Vote 9 -	Vote 10 -	Vote 11 -	Vote 12 -	Vote 13 -	Vote 14 -	Vote 15 -	Total
R thousand	1																
Revenue By Source																	
Property rates		98 270	–	–	–	–											98 270
Property rates - penalties & collection charges		–	–	–	–	–											–
Service charges - electricity revenue		–	–	–	288 970	–											288 970
Service charges - water revenue		–	–	–	110 353	–											110 353
Service charges - sanitation revenue		–	–	–	25 317	–											25 317
Service charges - refuse revenue		–	–	–	30 193	–											30 193
Service charges - other		–	1 217	–	–	–											1 217
Rental of facilities and equipment		1 393	2 690	248	–	–											4 331
Interest earned - external investments		1 000	–	–	–	–											1 000
Interest earned - outstanding debtors		3 651	18	–	10 030	–											13 700
Dividends received		–	–	–	–	–											–
Fines		–	46 516	–	–	–											46 516
Licences and permits		–	62	–	–	–											62
Agency services		–	–	–	–	–											–
Other revenue		216	3 163	–	(500)	–											2 880
Transfers recognised - operational		95 811	6 946	316	533	–											103 606
Gains on disposal of PPE		–	–	–	–	–											–
Total Revenue (excluding capital transfers and contributions)		200 342	60 613	565	464 896	–	–	–	–	–	–	–	–	–	–	–	726 416
Expenditure By Type																	
Employee related costs		58 675	47 241	16 265	32 657	–											154 837
Remuneration of councillors		9 819	–	–	–	–											9 819
Debt impairment		15 670	38 427	–	55 941	–											110 039
Depreciation & asset impairment		5 308	15 383	7 857	13 261	–											41 808
Finance charges		5 975	22	454	3 917	–											10 368
Bulk purchases		–	–	–	262 961	–											262 961
Other materials		2 577	2 191	5 343	16 405	–											26 516
Contracted services		300	336	–	–	–											636
Transfers and grants		–	–	–	–	–											–
Other expenditure		52 311	17 659	3 383	18 893	–											92 247
Loss on disposal of PPE		–	–	–	–	–											–
Total Expenditure		150 635	121 259	33 302	404 034	–	–	–	–	–	–	–	–	–	–	–	709 231
Surplus/(Deficit)		49 707	(60 646)	(32 738)	60 862	–	–	–	–	–	–	–	–	–	–	–	17 185
Transfers recognised - capital		1 000	8 170	5 500	25 704	–											40 374
Contributions recognised - capital		–	–	–	–	–											–
Contributed assets		–	–	–	–	–											–
Surplus/(Deficit) after capital transfers & contributions		50 707	(52 476)	(27 238)	86 566	–	–	–	–	–	–	–	–	–	–	–	57 559

Table 55 MBRR Table SA3 – Supporting detail to Statement of Financial Position

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
ASSETS											
Call investment deposits											
Call deposits < 90 days		12 430	5 108	16 593	–	–	–	–	–	–	–
Other current investments > 90 days		–	–	–	–	–	–	–	–	–	–
Total Call investment deposits	2	12 430	5 108	16 593	–	–	–	–	–	–	–
Consumer debtors											
Consumer debtors		281 954	347 636	382 553	447 145	456 519	456 519	–	521 441	598 543	691 793
Less: Provision for debt impairment		(239 246)	(286 348)	(325 232)	(400 639)	(393 222)	(393 222)	–	(464 883)	(542 025)	(627 675)
Total Consumer debtors	2	42 707	61 288	57 321	46 505	63 298	63 298	–	56 558	56 517	64 117
Debt impairment provision											
Balance at the beginning of the year		(157 283)	(227 607)	(274 214)	(339 295)	–	–	–	–	–	–
Contributions to the provision		(81 963)	(58 741)	(51 018)	(61 345)	(393 222)	(393 222)	–	(464 883)	(542 025)	(627 675)
Bad debts written off		–	–	–	–	–	–	–	–	–	–
Balance at end of year		(239 246)	(286 348)	(325 232)	(400 639)	(393 222)	(393 222)	–	(464 883)	(542 025)	(627 675)
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		908 892	920 088	1 006 175	1 030 744	1 069 910	1 069 910	–	1 157 014	1 214 057	1 291 186
Leases recognised as PPE		–	–	–	–	–	–	–	–	–	–
Less: Accumulated depreciation		351 511	361 994	413 902	408 832	412 793	412 793	–	437 974	467 378	496 913
Total Property, plant and equipment (PPE)	2	557 382	558 094	592 273	621 911	657 117	657 117	–	719 041	746 679	794 273
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)		2 596	2 823	3 063	3 357	3 357	3 357	–	3 372	4 010	4 411
Current portion of long-term liabilities		–	–	–	–	–	–	–	–	–	–
Total Current liabilities - Borrowing		2 596	2 823	3 063	3 357	3 357	3 357	–	3 372	4 010	4 411
Trade and other payables											
Trade and other creditors		72 295	80 036	102 946	41 896	38 611	38 611	–	53 609	53 259	53 259
Unspent conditional transfers		11 574	2 111	(683)	–	(1 448)	(1 448)	–	–	–	–
VAT		6 632	11 472	19 738	19 738	23 453	23 453	–	22 780	22 780	22 780
Total Trade and other payables	2	90 500	93 619	122 001	61 634	60 615	60 615	–	76 389	76 039	76 039
Non current liabilities - Borrowing											
Borrowing		67 881	65 057	61 994	58 637	58 637	58 637	–	55 266	51 255	46 844
Finance leases (including PPP asset element)		–	–	–	–	–	–	–	–	–	–
Total Non current liabilities - Borrowing	4	67 881	65 057	61 994	58 637	58 637	58 637	–	55 266	51 255	46 844
Provisions - non-current											
Retirement benefits		–	–	–	–	–	–	–	–	–	–
List other major provision items		–	–	–	–	–	–	–	–	–	–
Refuse landfill site rehabilitation		2 512	4 542	4 748	4 542	4 748	4 748	–	4 748	4 748	4 748
Other		–	–	–	–	–	–	–	–	–	–
Total Provisions - non-current		2 512	4 542	4 748	4 542	4 748	4 748	–	4 748	4 748	4 748
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		718 502	689 944	644 792	715 007	728 651	728 651	–	736 081	748 954	776 694
GRAP adjustments		–	–	–	–	–	–	–	–	–	–
Restated balance		718 502	689 944	644 792	715 007	728 651	728 651	–	736 081	748 954	776 694
Surplus/(Deficit)		(29 154)	4 354	28 803	52 640	45 133	45 133	–	57 559	58 370	73 187
Appropriations to Reserves		–	–	–	–	–	–	–	–	–	–
Transfers from Reserves		–	–	–	–	–	–	–	–	–	–
Depreciation offsets		–	–	–	–	–	–	–	–	–	–
Other adjustments		–	–	–	–	–	–	–	–	–	–
Accumulated Surplus/(Deficit)	1	689 348	694 298	673 595	767 647	773 784	773 784	–	793 641	807 324	849 881
Reserves											
Housing Development Fund		–	–	–	–	–	–	–	–	–	–
Capital replacement		–	–	–	–	–	–	–	–	–	–
Self-insurance		–	–	–	–	–	–	–	–	–	–
Other reserves		–	–	–	–	–	–	–	–	–	–
Revaluation		–	–	–	–	–	–	–	–	–	–
Total Reserves	2	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	689 348	694 298	673 595	767 647	773 784	773 784	–	793 641	807 324	849 881
Total capital expenditure includes expenditure on nationally significant priorities:											
Provision of basic services											

Table 56 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref	Basis of calculation	2001 Census	2007 Survey	2011 Census	2012/13	2013/14	2014/15	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population			66	72	67	100	103	106	106	109	112	115
Females aged 5 - 14						8	8	8	8	8	8	8
Males aged 5 - 14						8	9	9	9	10	11	12
Females aged 15 - 34						17	19	20	19	20	22	23
Males aged 15 - 34						20	21	22	21	23	24	26
Unemployment						14	13	13	13	13	12	12
Monthly household income (no. of households)	1, 12											
No income						4 357	3 557	3 439	3 557	3 679	3 805	3 936
R1 - R1 600						7 713	7 219	6 998	7 219	7 447	7 682	7 925
R1 601 - R3 200						5 698	6 201	6 409	6 201	6 000	5 805	5 617
R3 201 - R6 400						4 401	4 502	4 707	4 502	4 306	4 118	3 939
R6 401 - R12 800						3 104	3 179	3 289	3 179	3 073	2 970	2 871
R12 801 - R25 600						2 243	2 251	2 301	2 251	2 202	2 154	2 107
R25 601 - R51 200						1 433	1 439	1 447	1 439	1 431	1 423	1 415
R51 201 - R102 400						503	509	515	509	503	497	491
R102 401 - R204 800						121	125	128	125	122	119	116
R204 801 - R409 600						95	96	99	96	93	90	88
R409 601 - R819 200												
> R819 200												
Poverty profiles (no. of households)												
< R2 060 per household per month	13					15768.00	15658.00	15201.00	15658.00	16129.00	16614.00	17114.00
Insert description	2											
Household/demographics (000)												
Number of people in municipal area						100	103	106	106	109	109	112
Number of poor people in municipal area						74	72	72	71	71	70	70
Number of households in municipal area						31	33	35	33	35	33	35
Number of poor households in municipal area						18	16	16	16	16	16	16
Definition of poor household (R per month)						2 240	2 230	2 500	2 700	3 745	3 745	3 745
Housing statistics	3											
Formal						28 417	29 417	31 889	29 417			
Informal						2 763	2 203	2 001	4 015			
Total number of households						31 180	31 620	33 890	33 432	-	-	-
Dwellings provided by municipality	4											
Dwellings provided by province/s						9 430	10 431	10 810	11 731			
Dwellings provided by private sector	5					18 987	18 996	21 079	19 121			
Total new housing dwellings						28 417	29 427	31 889	30 852	-	-	-
Economic	6											
Inflation/inflation outlook (CPIX)						5.6%	5.6%	6.2%	5.6%	6.6%	6.2%	5.9%
Interest rate - borrowing												
Interest rate - investment												
Remuneration increases						7.0%	6.9%	6.8%	5.8%	6.4%	7.6%	7.2%
Consumption growth (electricity)						0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Consumption growth (w ater)						0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Collection rates	7											
Property tax/service charges						82.0%	80.0%	80.0%	86.0%	77.2%	77.5%	76.6%
Rental of facilities & equipment						82.0%	80.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest - external investments						100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest - debtors						82.0%	80.0%	85.0%	86.0%	77.2%	77.5%	76.6%
Revenue from agency services						82.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%

Table 57 MBRR SA32 – List of external mechanisms

External mechanism Name of organisation	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
		Number			R thousand

2.13 Municipal manager's quality certificate

I, Isaac Rampedi, Acting municipal manager of Lesedi Local Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Chief Financial Officer of Lesedi Local Municipality (GT423)

Signature _____

Date _____

Print Name _____

Municipal Manager of Lesedi Local Municipality (GT423)

Signature _____

Date _____